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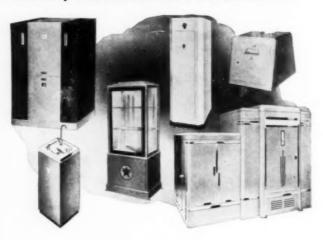
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New Business

At a period when everybody is talking about next year's immediate prospects, Alfred P. Sloan of General Motors takes time out to emphasize the importance of the "long view." To hosts at a civic luncheon in Grand Rapids, he said, "I sometimes think that the people of the United States, as a whole, are not much interested in what happens beyond today, but men of business have to look beyond the narrow horizon which seems to satisfy the great majority and plan intelligently for the future."

RIPLEY has his "Believe It or Not."
The Association of American Railroads has its "Amazing But True." And now the Southern Pacific broaches a variant of the theme with "Did You Know." In a series of advertisements, the Southwestern road poses such posers as these: Did You Know. . . that all chairs and seats on Southern Pacific's new streamlined "Daylight" will be cushioned with sponge rubber . . . that centuries of research have failed to produce a smoother, safer highway than steel rails. Well, answer! Did you?

To build up as quickly as possible its new African empire, Mussolini's Ministry of Colonies has just released an order that free passes be issued to individuals and firms that already have interests in Italian East Africa, or that wish to go or send technicians to study the possibility of developing industries in the new territory. Workmen who wish to seek their fortune in the new empire will also be granted free passage.

FACTS and figures for your private information, for quotation in your public speeches: On the railroads—"A Yearbook of Railroad Information" (1936 Edition), published by the Committee on Public Relations of the Eastern Railroads, 143 Liberty St., New York City; on the meat packing industry—"Reference Book of the Meat Packing Industry, 1936"—issued by the Institute of American Meat Packers, Dept. of Public Relations and Trade, 50 East Van Buren St., Chicago.

AT the annual dinner of the Illinois Manufacturers' Association, Winthrop W. Aldrich, chairman of the board of the Chase National Bank of New York,

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These are some of the Dictaphone values which account for the daily trend to Dictaphone in more and more businesses, large and small. QThey are the subject of an interesting booklet which is yours for the coupon below. QAnd they're the whole gist of an eye-opening demonstration which we stand ready to let the Dictaphone give, in your office, on your work, whenever you say. Send the coupon today!



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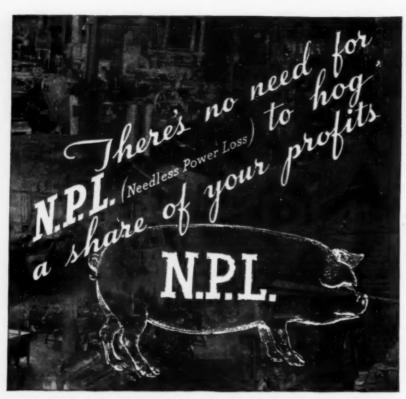


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MORSE POSITIVE DRIVES HELP KEEP PRODUCTION COSTS DOWN

Every day, in many plants, Needless Power Losses—caused by inefficient transmissions—are hogging a share of the profits. But there's no need for N.P.L. to hog a share of your profits. Install Morse Positive Chain Drives and barish N. F. L. from your plant once and for all. Morse Drives transmit power 98.6% efficiently year in and year out. They cannot slip and waste power. Many Morse Drives have been on the job for 20, 25 and even 30 years without a major shutdown. The only maintenance they require is routine oiling.

If you are troubled with power-wasting drives in your plant, replace them with Morse positive chain drives. Telephone the Morse man in your territory or write to our engineers here in Ithaca today for more complete information.



Morse Positive Drives hang on to the teeth in the pinions and sprockets.



With Morse Positive Drives there can be no slippage as there is on a smooth-faced wheel.



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presented a not too familiar view of the tariff's relation to labor. Said he, "I would say to those who are fearful of the effect of reasonable foreign competition on our manufacturing industry and our manufacturing labor, that competition of foreign goods cannot possibly be as severe as the competition that is inevitable if we remain with the enormous body of idle agricultural labor which has been created since early 1933. What are these people to do if their export market is not restored and if they do not come back into full agricultural production?"

Our of the welter of confusion over the Revenue Act of 1936 comes a book: "The New Corporation Income Tax" by I. Herman Sher, a lawyer and a lecturer on tax accountancy. Published by Simon & Schuster with that institution's typical flair for simplicity, large type, and large pages, the \$3 volume at 56 a page gives some practical pointers on the law and winds up in a black blare of tabulation—computing what companies earning from \$1,000 to \$1,000,000 will have to pay in taxes, based on dividends declared.

"IF you have what the public wants, it will buy it," has been demonstrated once more, this time by the Chicago Motor Coach Co. with its new type coaches. Five months ago the first of an order of 100 doubledeck coaches went into service. Others followed as quickly as General Motors Truck & Coach Corp. could make deliveries. November reports show 26.17% more passengers carried on the lines than during the same period of last year, with lines on which new coaches were operated far in the lead, up 40% in traffic.

NRA experience is called to testify against the proposed 30-hour work-week by George A. Sloan, honorary chairman of the Consumers Goods Industries Committee and former president of the Cotton-Textile Institute. "That experience," he said during a recent trip through the South, "made it clear that conditions vary so widely as between industries that no general rules can be laid down as to employment, hours, and wages which would not have grave and possibly disastrous consequences to some industries, however fair they might be to others."

THE Four Wheel Drive Auto Co., Clintonville, Wis., has discovered a way to ensnare the speeding prospect. Road signs direct motorists to the company's "drive thru" showroom. A driveway down the center allows visitors to view displays without leaving their cars. From its opening on July 4 to Oct. 19 8,417 visitors motored through the building in 2,324 automobiles.

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Washington Bulletin

WASHINGTON—(Business Week Bureau)—President Roosevelt is mapping a program that will not rely on the trial-and-error methods of his first administration. He will shift from time to time, of course, to take advantage of favorable developments or to deal with new obstacles, but the course charted in his annual message to Congress and in his inaugural speech will not depend

upon a mere hodgepodge of all the fragmentary proposals that have gained currency as "Administration plans" in the weeks since election.

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Cooperation Pays

The President's aloof attitude during this period has held off business, labor, and other interests which hope to make an impression upon his policies. The cooperative spirit of business executives, born of anxiety, shows signs of languishing under this arm's-length regard but soon they will get a concerted program, following White House consultations on which to bite.

No Coercion-Unless

Business can expect a program that will give full play to voluntary efforts, and apply coercion only to hold-outs. Roosevelt has done very little of his thinking out loud, but this much of the nature of his plans can be confirmed by those close to him since his return from South America.

For Labor Standard Law

Labor can expect to be told that its main reliance is in organization and collective bargaining with employers to obtain shorter hours and higher wages, but that minimum labor standards possibly can be given the effect of law by legislation that is now being studied. The biggest hazard to the President's program lies in this direction. The outcome is unpredictable until the Supreme Court rules upon the National Labor Relations Act next month.

They Don't Believe It

One of President Roosevelt's toughest jobs will be to convince the country that Santa Claus is dead. Even grown-ups won't believe him, judging by the demands made upon the Budget Bureau and an even longer "want list" that will be carried direct to Congress. The Administration that has been generous to a fault will, inside of a few weeks, be bitterly attacked as stingy. The notion that they have only to turn to the government persists even among some business men. One of the proposals of the Berry Council, that claims to be representa-

FEAR H. C. OF L.

Practical certainty that Old Man High Cost of Living is not only at the door, but is bringing his whole family along, is bothering New Dealers from top to bottom, especially those whose spe-cial concern is leading the political cheering sections and keeping the voters lined Sec. Wallace openly predicts 10% boost in food prices. Everything else is soaring. This assures everwidening plague of labor difficulties, as workers find their pay boosts don't keep them even. Beginning Jan. 1, payroll taxes will be cutting both ways, boosting prices and reducing wages.

tive of business, is government insurance of working capital loans up to \$50,000 by commercial banks otherwise unwilling to assume the risk.

Bargaining Proposal

Position is everything, and the bi-tuminous coal operators in the Appalachian district are well aware of that. Hence their offer this week, well in advance of the Feb. 17 conference, to renew existing wages of \$27.50 a week in the North and \$25.50 a week in the South, coupled with the demand that the week embrace 40 not 35 hours of work as at present. In justifying proposal they cite these facts: 1-Wage and hour adjustments in the past four years have netted United Mine Workers a 100% increase in the per hour rate; 2-Soft coal continues to lose business to other fuels; 3-No freight rate reductions have been obtained. But the probable outcome, under pressure of John L. Lewis and the Administration, is a renewal of the present two-year agreement beginning

Roosevelt's Naval Wrath

President Roosevelt is more than stern about this business of the copper interests slapping down the Walsh-Healey law by not bidding on the red metal. It is the Navy that wants the copper, and Roosevelt regards the Navy and Navy needs as his own backyard, so to speak.

Charge Is Treated Lightly

The Department of Justice is not excited for the moment over the allegation of some New Dealers that agreeing not to bid is collusion in eyes of the law; almost as bad, in fact, as agreeing to bid the same price. But Harry Sinclair went to jail for contempt of the Senate, after the courts failed to convict him on Teapot Dome, so maybe the copper barons will find themselves in contempt of something. They might even admit it.

Real Fight Over Tariffs

A tariff battle seems assured in this session of Congress despite the hopes of Cordell Hull to handle that old "local issue" by the reciprocal treaty method. The opening target will be the so-called excise duties on copper, oil, lumber. The Navy, sore at copper interests for not bidding, want 4¢ a lb. excise on red metal removed. Oil interests with South American holdings insist that need for special protection has passed. This will open the door through which many others will try to slip. Interests wanting higher protective rates are still in background, but watching eagerly.

Blotting Up the Gold

One way to sterilize gold imports is to increase the public debt, and Treasury experts think this may be a lesser evil than letting the gold swell the excess reserves of banks. The Treasury would buy up the gold by issuing notes or bills and would not let it become part of the monetary structure.

Reserve Boost Coming

Seriously concerned about stock, commodity, and even forward buying speculation, Federal Reserve Board will boost reserve requirements to limit in the near future, but is not so sure it can correct situation. May have to dump a lot of government bonds also, thus depressing price a little and contracting bank reserves. But—so far as speculation is concerned, drastic margin requirements already in effect have hampered to just that extent ability of government to influence trend. Moreover, the stock market is on pretty much of a cash basis.

They'll Keep on Gambling

Stock Exchange officials may join New Dealers in trying to stop gambling in stocks, but the boys with just a couple of hundred dollars are



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wool, silk, and the chemicals of synthetic fibres to finished textiles there are many steps—chemical and mechanical—in which Hercules Powder Company materials speed processes, increase quality, decrease costs. Chemical cotton (base of synthetic fibres), grease solvents, dye assistants, and kier and sizing compounds are some of the Hercules products which serve the textile industry and other industries.

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going to keep right on buying the "penny stocks" that Pres. Gay of the New York Exchange warns against. If there's a boom, the little fellows reason, they will go up, and who bothers to read prospectuses anyhow when his brother-in-law just got the I ow down from his favorite bus driver? It's the old story of driving a horse to water but not being able to make him drink—which is human as well as equine—a frailty the Frankfurter boys overlooked in trying to protect the lambs from the wolves.

It's Home Money Disguised

The Treasury learns that much of the so-called foreign capital pouring into the United States is really American capital wearing French goatees and British sideburns to avoid the American income tax levy on "capital gains." Despite their stiff income taxes, other nations do not have this tax, and while there is much agitation for reform here, the prospects are not that the blow will be materially softened this session of Congress—and what softening there is will not apply to 1936 returns.

Ickes' Christmas Gift

Jamaica rum distillers are almost as grateful to Sec. Ickes as Brazil's cotton planters are to Sec. Wallace. Ickes has assured the Jamaica chaps of the American eggnog trade for this season at least. He won't market his 465,966 gal. of rum from the Virgin Islands government-owned distillery because he can't be suited in a name for the product. No name, no label; no label, Federal Alcohol Administration won't play. So Jamaica is making sales while Ickes reigns.

TVA Stopped in Stride

Major effect of this week's court injunction against Tennessee Valley Authority will be its failure to realize "paper profits" from increasingly rapid expansion of facilities planned during next few months. Power projects now under construction, or actually in service, will not be tied up by the order, nor will any non-power activities such as erosion control, navigation, etc. The biggest loss is to TVA's corporate face.

Blow to PWA

Supreme Court's failure to decide Duke Power case is bitter pill for New Dealers, as \$50,000,000 in Public Works Administration power allotments would have been released by definite verdict. There is no lack of substitute cases—51 are in the lower courts—but none is far enough advanced to reach the high court this term. Bitterness is increased by the secret fear that remanding on techni-

cal grounds anticipates ruling against the government.

Airports Ask Subsidy

Losing money, municipal airports will ask Congress for a federal-aid appropriation of \$10,000,000 to \$20,000,000 to match city funds for modernization of scheduled-airway ports, others later. Claim 90% interstate traffic gives them as much right as waterways, highways and railroads to subsidy. Other arguments are safety and national defense.

Railroads Fight Airroads

But opposition will renew threat to lash air transport to railroads under Interstate Commerce Commission, Railroads that will lose 25% of Pullman-class business in 10 years at present rate have instructed their congressmen to hold air transport down.

Truckers Oppose Invasion

Coincidentally with the Interstate Commerce Commission's request for an appropriation of \$3,250,000 for enforcement of the Motor Carrier act, truckmen are planning to ask Congress for a stricter curb on railroads' invasion of truck field. Jarred by the ICC's decision permitting railroads to furnish free pickup-and-delivery service, independent motor carriers are even more worried by the probability that the Railway Express Agency will escape from law's jurisdiction.

Home Loan Ante Raised

As revised by the Federal Home Loan Bank Board, the charter of federal savings and loan associations now permits loans on home and homeand-business property up to 75% and in special cases up to 80% of appraised value, as compared to from 60% to 663% previously. It was the competition of banks, insurance companies, and other lending institutions which have adopted the Federal Housing Administration's plan insuring loans up to 80% that forced the federal home loan crowd to ante up.

For Markets Not Peace

Sec. Wallace's idea that farmers should demonstrate their love for peace by sacrificing, in part, the rich markets of Europe, where war impends, and develop the much poorer markets of Latin America, where peace is promised, is not getting the enthusiastic reaction from farm organizations which had been hoped for. It seems that 68% of American agricultural exports last year went to five war-threatened countries, only 10% to all Pan America. Even more hostile is the reaction to Wallace's suggestion of heavier agricultural imports from Latin America.

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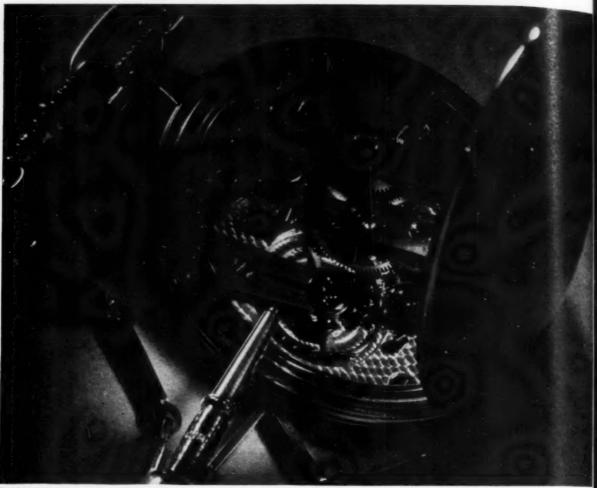
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A LESSON FROM YOUR WATCH

Inside your watch is this little device known as the "escapement." It is the heart of time keeping because it is the control. Should you throw it out of adjustment you will have far more trouble than if you broke the mainspring. A stopped watch is of no use at all—but a watch out of adjustment is worse because it misleads you.... This aptly illustrates the importance of dependable control on motorized machines in factories. A machine with faulty Motor Control fools its owner, its operator, everybody, because it looks like it's doing its job. Unless its

performance is checked against a known standard it goes on stealing—hour after hour, day after day.... Thousands of America's factory executives guard against such losses by selecting Motor Control with care. This does not mean they put each unit of Motor Control through endless tests. They have found an easier way to arrive at the same result. They simply specify Cutler-Hammer Motor Control and refuse all substitutes. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1275 St. Paul Avenue, Milwaukee, Wisconsin.

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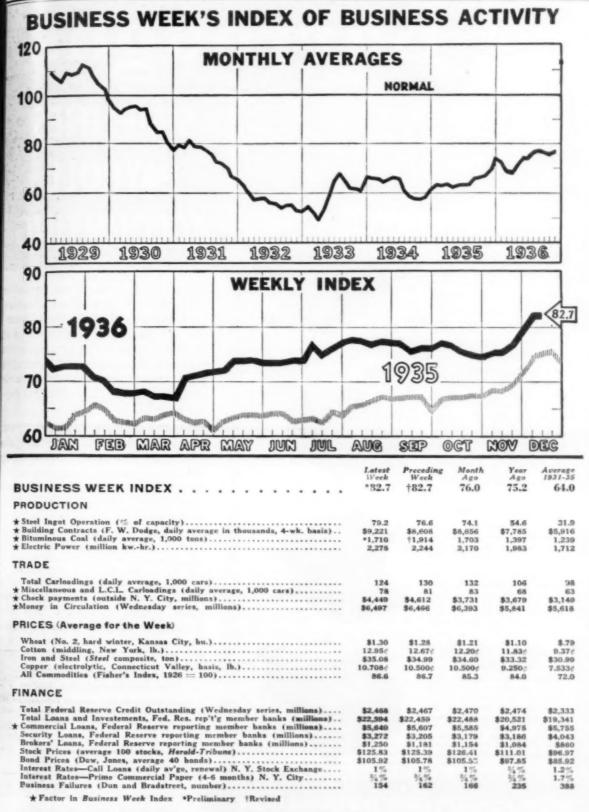
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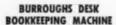
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Burroughs

A few of the machines Burroughs offers to help you meet the payroll accounting requirements of the Social Security Act

BURROUGHS TYPEWRITER ACCOUNTING MACHINE

Writes check (or pay envelope), earnings record, employee's statement and payroll summary in one operation. Column selection automatically controlled. All totals accumulated. This machine is only one of many models that handle every accounting Job.



Posts earnings records, automatically prints dates in proper columns, automatically subtracts deductions—calculates net pay. Can also be used as a fast, practical adding-subtracting machine for all kinds of accounting work. Many styles—all low in price.

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Writes payroll checks in units or in strips. Payroll summary completed in same operation. Fast and easy insertion and removal of checks. Can also be used as a typewriter for correspondence and general typing. Electric carriage operation. Several models,

BURROUGHS AUTOMATIC PAYROLL MACHINE

Writes check (or pay envelope), employee's earnings statement, earnings record and payroll summary in one operation. Accumulates all necessary totals. Many models for payroll work, as well as for scores of other accounting jobs.









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Burroughs has made an intensive study of the payroll accounting problems set up by the Social Security Act. Concerns in many lines of business are profiting by the results of this study and by recent Burroughs machine developments which enable them to simplify the keeping of payroll records.

Many find that they can actually cut accounting costs while obtaining the additional information required by the Act. In fact, employers frequently say, "The investigations we were prompted to make because of the Social Security Act have brought us the complete payroll accounting system we have needed for a long time."

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My name and title.

We have approximately employees

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The Business Outlook

INSPIRED by reported food shortages in Germany that will require heavy importations, and by continued war preparations in England, Italy, and other European and Asiatic countries, commodity prices put on a spurt that took seasoned traders by surprise. Wheat, rye, oats, cotton, copper, lead, zinc, tin, and rubber prices surged upward early in the week, though some tended to sag a bit as buying

turned less urgent. Speculative activity in commodities has been apparent in London markets for some time. The spread to domestic markets was inevitable. Stock exchange officials are alarmed at the recent activity in so-called "penny stocks," fearing that the speculative fever has now enveloped the "lambs" among the public to the detriment of orderly trading.

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News from the business front continues favorable. Steel activity has been jacked up to 79.2% of capacity, partly because previous estimates ap-peared out of line with the final monthly results, but also because mills are making a strenuous effort to complete orders taken at old prices as soon as possible. Cotton textile mills are absorbing cotton in record volume, booking orders well into 1937. Railroads are looking for new traffic peaks to be set in Christmas travel this year, and in winter vacation traffic to points south and north. Dividends declared so far this month are well above \$300,000,000. Employment in manufacturing plants has been holding up better than usual for this time of the year, though November probably marked the peak for 1936. Electric power is headed for new records each week.

Weather and Shopping

Retail trade reports for early December are a little less enthusiastic than at first anticipated, particularly in the eastern states. Weather conditions are blamed. November sales of both department stores and variety stores increased more than usual over October, however, putting the former up to the best level since the middle of 1931. With a fair break on weather over the balance of December, merchants are confident that they can finish one of the best years since 1930, and in some localities, the best since 1929.

Machine Tool Prosperity

Machine-tool builders report November as the second best month of the year, with orders topping October

RAILROAD SHOP PROGRAM

Announcements like those of the Louisville & Nashville Railroad this week have not been seen often in the past half dozen years. A \$500,000 modernization program of mechanical facilities of its principal shops has been authorized, to include 87 new machines and tools for the main shop at South Louisville, Ky., and the balance for eight other plants. Shop equipment modernization will come into the limelight next year, now that the rolling equipment deficiencies are partially remedied.

by 8%. Foreign orders were particularly conspicuous, increase 17% over the preceding month, and accounting for 25% of all business booked. This boom reflects war preparations.

Labor Storms and Clouds

The outlook on the labor situation is still far from satisfactory. The maritime strike is proving a costly one on the West Coast. Lumber mills are reporting more orders than they can ship under the circumstances. Bituminous coal operators have fired the opening gun prior to the coming wage-agreement parley, asking for a 40-hr. week without wage increases to replace the present agreement providing for a 35-hr. week, which expires on Mar. 31. Steel centers believe the drive to organize the indus-try will be intensified in February by the Lewis organization. Significant, too, was the winning of the Lewis faction in an election to select a collective-bargaining agency at the Schenectady plant of the General Electric Co., where union activity has been supposedly dormant for years.

Railroad Rate Nervousness

Railroad executives were somewhat worried by the attitude of some of the Interstate Commerce Commissioners in the surcharge hearings this week which seemed to threaten their case for continuation of present rates until their application for higher rates can be acted upon. A decision is anticipated before the first of the year. Revenues have been running substantially above last year with the aid of surcharges, but the sudden elimination of these higher rates might change the picture completely.

T. W. A. Likes Its Plan

Press reports that Transcontinental and Western Air was not entirely satisfied with results obtained from a two months' experimentation with "air freight" between Chicago and New York have been denied by the air line. Truth seems to be that results were sufficiently gratifying to warrant surveying the possibilities of extending the service to the Coast, where the time-saving advantages over train service could be more adequately realized. T.W.A. reports exceptional success with fare reductions on passenger traffic. A 122% increase in traffic was reported, and the increase was held to this figure only because the airline lacked enough planes to accommodate more people.

All-Time Rubber Peak

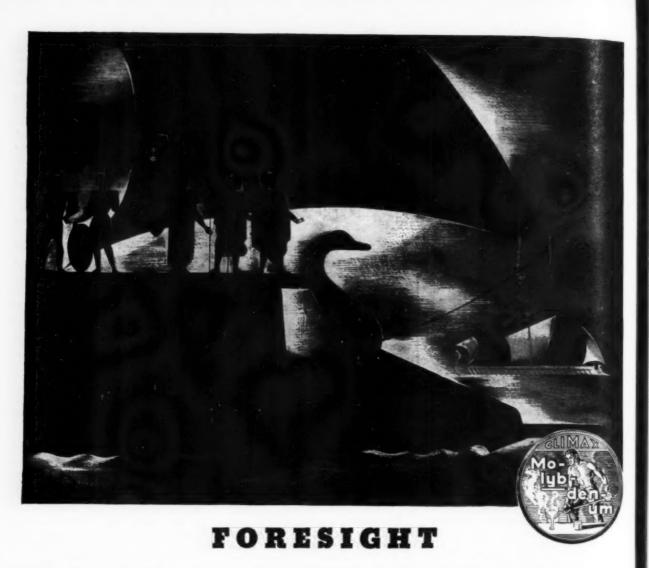
Rubber consumption in November passed the 50,000-ton mark for the fourth time this year, insuring a new all-time record for the year as a whole. The increases in both tire production and mechanical goods lie behind this record. Firestone alone is reported to have added 650 new articles to its mechanical products list this year. Price increases on mechanical rubber goods have been posted to take effect Jan. 1 by Goodrich. Other companies are expected to follow suit in view of the higher prices on raw materials and labor.

Power Consumption Record

Both industrial and small commercial-power consumers established new records for electric power consumption in October, and from all indications even higher ones were set in November. Small wonder that in recent weeks new projects have been announced as under way or under consideration in such amounts as \$6,000,000 by Associated Gas & Electric, \$2,000,000 for Ohio Edison, and \$3,500,000 for Hartford Electric Light. TVA bought two generators worth close to \$1,000,000 for Pickwick Landing Dam.

Home Building Is Strong

If it had not been for the many holidays in November, residential contracts awarded in the 37 states would have surpassed the October total, indicating unexpected strength in the home-building market. An annual total of close to \$800,000,000 now seems assured against \$479,000,000 in 1935.



AFTER the Persian host had broken before the Greek spears at Marathon, the Athenian leader, Themistocles, foresaw the return of the invader by sea. Ten years later found him ready with the fleet that smashed the Persian power at Salamis.

By exercising this same quality of foresight in anticipating industry's problems, Climax has saved users of ferrous materials much time and expense.

For example, a manufacturer of non-ferrous diecast parts was put to it to find a die steel that would reduce production costs by increasing unit volume despite unusually severe service conditions. Years before, Climax had seen the need of such a steel, and had developed a Molybdenum die steel. It was applied, and raised production volume 400%.

Our free book, "Molybdenum in Industry," gives a brief, non-technical outline of how and why Molybdenum steels and irons are effective in cuiting costs and boosting sales. Climax Molybdenum Company, 500 Fifth Avenue, New York City.

Climax Mo-lyb-den-um Company

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BUSINESS WEEK

DECEMBER 19, 1906

"Economic Policy" Law Favored

Some of Roosevelt's advisers think Supreme Court might sustain Congress if it defined unfair practices and authorized voluntary agreements.

WASHINGTON (Business Week Bureau) -President Roosevelt has returned home to face his biggest problem—the regulation of business. With him rests the decision whether to propose (1) a blanket law placing regulation of all industries and trades in the hands of the federal government, enforceable by Congress only through Constitutional amendment; (2) a blanket law enunciating economic policies for application to such industries as may be covered by the government's jurisdiction over interstate commerce; (3) or piecemeal legislation that fails adequately to meet issues raised by economic and labor con-

Neutrals Reach Conclusion

In the President's absence, those who occupy a neutral stand in the controversy between capital and labor-somewhat more positive, on the one hand, than the offers of business organizations to cooperate with the Administration but less extreme than labor's positionhave reached thoughtful conclusions that, reduced to simple terms, may be set down in one, two, three order:

1. There is no necessity - and the country is not ready yet-for a Constitutional amendment.

2. It would be more dangerous to expand the powers of Congress in this fashion than to contract the powers of the Supreme Court.

3. But the judiciary should cooperate to the extent of accepting the economic opinions of Congress; and

4. Such economic opinions might be expressed in a statute defining monopolistic and unfair practices, including, as such, violation of such standards of minimum wages and maximum hours as may be appropriate in a particular trade or industry which is either engaged in or so substantially affected by interstate commerce as to be subject to the jurisdiction of the federal gov-

Might Trap Supreme Court

Such a program, if pursued by the President, would, to put it baldly, give the Supreme Court more rope to hang itself but also would produce a law that, if knocked out in its application to one industry, would not kill the law

in its application to others. Such deference to the Supreme Court as this course implies rests on the practical proposition that one or two justices on the court, as at present constituted, should not compel resort to a Constitu-

tional amendment.

To surrender to Congress all power over business, by releasing the legislature from the confines of interstate commerce, would be the end of the present economic system, in the opinion of many lawyers and economists who have studied the implications of such extreme action. To look to the court for a disposition to accept as conclusive legislative determination of policy, however, has precedents, and a bill that, for instance, would define violation of minimum wage and maximum hour standards as unfair practice might have the court's blessing for application in a wider field than that in which Congress undertakes to impose direct regulation of wages and hours. Particularly since the statute would only become operative in voluntary agree-ments in individual industries and trades, reviewed and approved in the

public interest by a government agency. This might be the Federal Trade Commission, if a separate division is created for this purpose independent of its enforcement branch, but that is a detail that has yet to be studied.

The minimum wage and maximum hour standards incorporated in such agreements would be arrived at by employers and employees in a given indus-try or by a neutral board created for the purpose. Fixing of actual wage and hour schedules would be left to collective bargaining, establishing a contractual relationship between employer and employee entirely independent and outside of the agreement establishing minimum standards.

Seek Definition of Boundaries

Approval of such agreements would not constitute a grant of immunity from prosecution under the anti-trust laws but, by defining monopolistic as well as unfair competitive practices, the new law would recast the old to a considerable extent by indicating the boundaries within which a business is free to operate and to cooperate with others.

Evolving to a considerable extent from NRA experience, this approach to enactment of a law reconciling the duty of government to curb economic abuses and the necessity of business for sufficient freedom of action to maintain private enterprise has not yet been expressed in legislative terms but is the



CLOSER TOGETHER-After Harry Bridges (left) gave the longshoremen's arguments to a San Francisco mass meeting, and Roger Lapham took the other side of the debate as president of American-Hawaiian Steamship Co., the consensus among observers was that the strike was nearing its end; that both sides would retreat a bit from original demands; that an effective peace was near. Bridges complimented Lapham after the debate, declaring that "if all shipowners were as reasonable as you are, we would have no further trouble getting together."

most coherent plan for linking methods and objectives that awaits further consideration by the President.

In the arm's-length perspective with which Roosevelt regards the problems of industrial control, it is the most comprehensive proposal for bridging the gap between existing law and present economic and social concepts that has been advanced to stimulate thought on the problem with which the President and Congress have to come to grips without much more delay.

Confused by Too Many Ideas

So many proposals were advanced in the Berry conference in Washington Dec. 10–11 that it failed to clarify anybody's thinking. Out of the tangle of ideas it would be possible for the "correlating" committee that has taken over the job, to draw almost anything and present it as the recommendation of the Council for Industrial Progress. Especially since the council vested the committee with plenary powers and probably will not meet again before its recommendations are presented to the President.

The council's broad expression of policy favoring establishment of minimum wage and maximum hours and prohibition of unfair trade practices presents no novelty, but this and other proposals were confined, for the most part, to a statement of objectives, with little consideration given to methods of attainment. Lively debate behind closed doors on the Constitutional issue disclosed that Coordinator Berry is for amendment, if the Constitution is not sufficient flexible to embody the recommendations of council when they are reduced to specific terms or to legislative form.

Council Is Much Larger

The correlating committee will be aided by a corps of 14 lawyers, most of whom are members of the council. The committee proper will be composed of a member representing management and another representing labor from each of the council's eight standing committees. This imposing personnel and procedural nicety adorns a council that may be truly representative of labor but is not truly representative of industry, although both Maj. Berry and John G. Paine, chairman of the management group, in their platform speeches and in their contacts with the press, laid heavy emphasis upon the representative character of the council that, following registration at last week's meeting, now boasts 700 to 800 members compared with 172 on Oct. 1. Employer representation stemmed principally from the label trades and other consumer goods, plus distribution and services. Significant producing companies and associations in the steel, oil, automobile, textile, rubber, distilling, and other big in-



SALVAGE CREW—Following the "Berry Plan" to save advantageous elements of industry-labor-government cooperation begun by ill-starred NRA, William Green, A. F. of L. chief; Major George L. Berry, President's Coordinator for Industrial Cooperation, and John G. Paine, chairman management group, Industrial-Labor Council, led the discussion at the second conference of industry and labor at Washington.

dustries had observers at the meeting but are not represented in the council.

Present on the stage with Maj. Berry were William Green, president of the American Federation of Labor, and Mr. Paine, a New York lawyer, co-chairman of the council, and John Dickinson, assistant attorney-general. Sen. Wheeler, chairman of the Senate committee on interstate commerce, sent a message declaring that some provision must be made for taking hours and wages out of competition. Neither present nor heard from at this "open forum of industry and labor leaders to build a new program of government and industry cooperation" were Secretary of Commerce Roper or John L. Lewis, president of the United Mine Workers and chairman of the Committee for Industrial Organization.

A message from President Roosevelt, bearing the same date, Nov. 16, as a similar, previously released message to Sec. Roper, Business Advisory Council, said he had learned of the conference and hoped constructive work would come of its labors.

The Big Drift

The open meeting drew an attendance of 1,000, compared to 1,500 in the December, 1935 conference. With meticulous courtesy Berry granted the privilege of the floor to all who desired it but there was little spontaneous discussion following the set speeches and it failed to hold interest. It was a taxicab driver who remarked:

"What kind of a meeting is that? They been driftin out o' there all afternoon." There were still 40 or 50 in their seats, however, when Berry adjourned the meeting at 5:45 p.m.

journed the meeting at 5:45 p.m.

A significant by-product of the meeting was the declaration by Mr. Dickinson that "mere bigness" and the business practices and price policies in which big

concerns engage are not unlawful simply because they result in rigid prices. This may be an explanation why the Department of Justice has not acted on various complaints of price-fixing and collusive bidding in recent months, but part of the answer may lie in Dickinson's assertion that the anti-trust laws can't be enforced effectively with the funds available. A situation in which it is possible to bring only two or three major suits a year may explain, he said, an otherwise surprising tendency on the part of many business men to express complete satisfaction with the antitrust laws as they are. This is in the nature of a challenge from one of the government's law officers who, according to persistent reports, will soon retire from the job.

Coal Engineer

IN a new sales promotion offensive against the competition of oil and gas, the National Coal Association this week put a red hot combustion engineer at the head of a drive by producers, consumers and builders of combustion equipment to get more BTU's per pound. Further improvement of automatic coal-firing devices will be tied in with technical sales promotion, educating both producers and consumers in the efficient use of coal. N.C.A.'s new man is C. A. Reed, engineering and sales expert from the staff of Pittsburgh Coal Co.

Meantime, reports by the Carnegie Institute of Technology indicate the future of bituminous coal lies in wider utilization of derivative products. The array of coal products now on the market is not enough, in the opinion of industrial chemists who point to coalderived rubber and liquid motor fuel as examples of future exploitation.

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Long-Rang

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Extra! Great World's Fair Rivalry!

Pacific Coast is getting angrier at prospect that New York show in '39 will steal the play from San Francisco, which announced its plans first.

DESPITE official assurances from the yors of New York and San Francisco hat there would be no clash over the spect that the New York World's ir and the Golden Gate International sposition will be operating simultaney in 1939, all signs point to a growbitterness on the Pacific Coast over e issue. It was certain to come to a ead sooner or later, but recent aggresive activity by East Coast groups sponoring the New York fair, such as the unching of a drive for \$27,829,500 BW-Dec5'36,p40) and announcent that 21 nations have given the New York show "a clear field in 1939," his brought home to promoters of the Golden Gate project the threat of cometition which, until recently, they have en inclined to minimize.

Long-Range Debate

So out into the open has come the ncreasing feeling, shared by Pacific Coast business generally, that "New York hasn't been quite sporting on this Fair proposition." The reasoning goes something like this: In the first place, is doubtful whether two world's fairs un be successfully carried on at the me time even 3,000 miles apart. In ne present state of world business, forinterests, and even our own, will e disinclined to set up two costly exbits. The business will go to the show ffering the largest "circulation"-New York. San Francisco (so it is reasoned) as first in the field with the fair idea nd has a valid excuse for a celebran-the completion of the two bay ridges. New York, with no such jusfication, appeared on the field after the West Coast plans were well under way. True, a mistake may have been made in delaying the San Francisco fair until 939, two years after opening of the folden Gate bridge in 1937, and the original date, 1938, might have been preferable. Nevertheless, the fact was well known that the Coast planned such an event and the feeling is that New York should have held off.

What really disturbs Pacific Coast business most is that the New York competition is practically unbeatable. Located in the business and financial tenter of the country, the New York enterprise will have the city's vast resources to draw upon. Its proximity to Europe is also felt to offer tremendous advantages. In other words, Coast business is beginning to feel that New York is definitely attempting to "grab the show."

All this, of course, is arousing local

pride and acting as a spur to sponsors of the Golden Gate exposition, especially in winning the support of the Western states. Every effort is being made to consolidate local business behind the fair before concentrating on national and international prospects, although the same 21 nations that gave New York a "clear field" are reported to have done the same for San Francisco, largely through the efforts of George Creel at the Convention of Nations in Paris last month. A representative is operating in South America, also. However, there is a growing fear that, in view of the New York competition, the West Coast fair may be forced to take on more of a regional than international aspect.

Meanwhile, San Francisco, which assumed that it had a head start over New York and is now beginning to doubt it, will accelerate organization work Jan. 1. About 60% of the 400-acre site in the center of the bay, and in the shadow of the San Francisco-Oakland bridge, is completed. Because it will later be used as a municipal airport, the federal government has contributed \$6,244,316 toward the construction. To this will be added \$3,402,784 from the pre-exposi-

tion fund of \$7,500,000 raised by local business. The remainder, up to \$40,-000,000, the total estimated cost, is expected to come from admissions, exhibits, and concessions. Attendance is figured at between 15,000,000 and 20,-000,000 on the basis of the 1915 exposition which attracted 13,000,000. Architectural, construction, and landscape plans have been completed. An executive staff of 200 is at work in the modernistic \$150,000 administration building on the slope of Nob Hill. Financing is in the hands of a committee headed by Kenneth R. Kingsbury, president of the Standard Oil Co. of California. San Francisco's exposition bonds, unlike New York's 4% debentures, will pay no interest.

Jan. 1 should see the rivalry between the two cities become more intense when San Francisco begins a nation-wide campaign for exhibitors. Soon thereafter the size and character of the Pacific Coast show should be apparent. If it is forced to play second fiddle to the New York World's Fair, Coast business is going to be pretty sore.

Bar Non-Californians

Outsiders can't become contractors. Even residents have a tough fight.

CALIFORNIA'S 25,000 contractors, meeting successively in group conventions, are congratulating themselves on the re-



TALKING IT OVER—Behind the formal speeches and resolutions of the annual meeting of National Association of Manufacturers lie scores of informal get-togethers, where ideas are exchanged and expert opinions voiced. Thus each member gains from the help of the others, in forming executive plans for the coming year. At last week's session, this group was snapped; from left: John W. O'Leary, president of Machinery and Allied Products Institute; Owen D. Young, chairman of General Electric; Malcolm Muir, president, and James H. McGraw, founder, of McGraw-Hill Publishing Co.

sults of their state Contractors' License Law, especially in view of the influx of itinerants and "carpet-baggers" who otherwise might have disrupted established contracting firms by cut-rate and irresponsible competition.

Requirements Are Stiff

The measure, most advanced of its kind, and the object of wide discussion by contractors in other states who hope for similar legislation, requires each contractor among the 60 types or classifications in the state, to obtain a license from a board of seven contractors, headed by a registrar. Before a permit is issued, the board inquires thoroughly into the qualifications of the applicant and compels him to obtain seven sponsors to approve his request. Two of these must be licensed civil engineers, architects or contractors, two must be owners or other contractors for whom the applicant has done jobs, and two must be officers or owners of material supply firms. One must be an officer of a bank. At present, the law applies only to contractors who take on work above \$200 in value and exempts agricultural contractors. These require-ments have had the effect of ejecting from the field those elements which the established contractors consider "unde-

Currently, about 28% of applications received by the board are rejected, according to state registrar of contractors, Earl S. Anderson, of Sacramento. Would-be contractors find their greatest difficulty in securing sponsorship of banks and the stumbling-block of many is their inability to obtain the O.K. of persons for whom they have done work previously. Failure to secure either of these, of course, automatically eliminates them. Newly arrived residents in the state are forced to refer back to their previous homes for sponsors with the

result, says an official bulletin of the board, that "carpet-baggers find it practically impossible to secure a license to break into the contracting business in California."

A few of the actions resulting in rejection or revocation of a license are: (1) abandonment of a construction project, (2) diversion of funds from one job to another, (3) "wilful" departure from plans or specifications, (4) violation of state building laws, (5) failure to complete a job for the contracted price, (6) aiding an unlicensed person to evade the law.

So effective has the law been that the neighboring states have experienced an influx of rejected contractors and two, Arizona and Utah, have recently adopted a similar measure as an attempt at self-protection.

Six other states have laws licensing contractors but none are anywhere near as stringent as California's and few have been enforced with the same thoroughness. None, except Arizona and Utah, have set up boards for passing on applications and generally administering the measure.

Off Again, On Again

Demands for action to settle ship strike get louder as moves for public sympathy continue.

PUBLIC sympathy, in the belief of both shipowners and their employees, is the deciding weight which wins labor disputes for one side or the other. But this week, as the West Coast shipping tieup moved through its ninth week, the public began to show a "fed up" attitude toward the long-continued stalemate.

Harry Bridges, taking time off for a quick hop to New York, bolstered the

morale of Joe Curran's strikers in that city, spoke at a public meeting, may Joseph P. Ryan of the International Longshoremen's Association (which regards Curran and his group as outlaws), and confirmed whose everybodhad thought—that Bridges and Ryanaren't friends and aren't going to get together, now or later.

These moves by Bridges (plus hi trip to Seattle a week earler) helpes the strikers gain public attention. But the shipowners have not been idle, and their spokesman, Roger Lapham of the Hawaiian-American Lines, made a ver favorable impression in dehating the issues with Bridges in San Francisco few days ago. Further, the employer sent representatives to call personally or every business house in San Francisco enlisting support.

One More "Agreement"

A tentative agreement on use of his ing halls, prime point at issue, wa announced by Edward F. McGrady in San Francisco just about the tim Bridges arrived in New York. This buoyed the hopes of some observers others were quick to point out that working agreement or even a truce wa quite unlikely while the head man dall the strikers—Bridges—was out of town.

All of which brought the shipping troubles to a point where the ordinary business-man shipper, and his colleague the West Coast merchant, began to voice loud dissatisfaction. Phrased bluntly, the public reaction is beginning to jell this way: "With Christmas season on, we are suffering enormous losses. Our hopes are raised one day, dashed the next. The sparring match has gone on more than two months, and has lost most of its meaning. Let's put the pressure on, from Washington it need be, and get this thing settled."

WESTERN STRIKE

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WESTERN STRIKE

TELL 'EM ABOUT IT—Eastern ship-and-dock strikers have been complaining that New York City hardly seems to realize there is labor trouble on the waterfront. Last week, on a cold, rainy day, Christmas shopping crowds got a chance to see several

thousand marchers, tramping along in file of fours, and carrying the names of the various ships tied up. Union members no sympathetic to the strike, however, declared that most of the marchers were imported for the parade, from other cities.

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Vans' Empire May Survive

George A. Ball's Mid-America Corp. will probably retain 9,000 miles of railroad, including C. & O. Rise in stock values saved the day.

THE Senate Committee on Interstate Commerce got an earful this week on what a little stock market "inflation" an do for a holding company. And t came from the lips of no pink-minded radical. The witness was Wil-Im C. Potter, chairman of New York's \$2,000,000,000 Guaranty Trust Co. The subject matter was Alleghany Corp. in particular and the Van Sweringen rail pire in general.

Mr. Potter, of course, would not say was inflation that saved the Allethany situation. He would refer to it is recovery. But the fact remains that the salvation of Alleghany and its railads was not J. P. Morgan & Co.; or the Guaranty Trust; or George A. Ball, the Muncie, Ind., glass jar man; or eorge A. Tomlinson, the Great Lakes ipping man, or even the Van Sweringens before they passed away to a world that's free and clear of debt.

Stock Rise Saves Day

The Morgan bank helped, so did the Guaranty, and so did the energetic Vans, who rushed around from bankng house to banking house trying to aise money and increase their debt to pay interest on one bond issue or anher. But it was the stock market peration (with the abetment of a court which assisted Alleghany Corp. in and out of a 77-B bankruptcy), that saved the "empire." Stocks went up and intead of bondholders, through the Guaranty Trust, as trustee, continuing to exercise control over Alleghany, Alleghany "reorganized" some of its ondholders, and the situation today is robably as clear as the Van Sweringen tuation ever has been.

There are 23,000 miles of railroads n the Mid-America Corp. pot. MidAmerica controls Alleghany, which in turn controls Chesapeake Corp., which in turn controls Chesapeake & Ohio and so on down the line. In all, there are some 250 companies which Mr. Ball can more or less call his own.

There's Missouri Pacific-with its 12,000 miles of far-flung trackage; it is hard-and-fast in receivership. Alleghany controls the Mop on a highly theoretical basis. Right now a Federal court is in charge, and after reorganization committees get through, Alleghany's hold (because Alleghany is in an equity position rather than a large debtor position) is likely to be extremely thin. The same is true, but less so, of Chicago & Eastern Illinois, with its 900-odd miles. When the C. & E. I. finally emerges from court control, the Reconstruction Finance Corp. will have a lot to say about it, because a lot of RFC money is in it.

But, even if Alleghany loses part (it won't lose all, though it might have to sacrifice control) of the Mop and the C. & E. I., it will still have a good 9,000-odd miles of railroad-and those miles include the rich Chesapeake & Ohio which year-in-and-out during the depression kept paying dividends to prop the leaning pyramidical tower of the Van Sweringens. The C. & O. seems relatively safe-thanks to the improved stock market.

For the rise in the value of the collateral behind Alleghany Corp. bonds returned the control of the underlying railroads to Mid-America, because the company was able to comply with the terms of the indenture requiring a 150% coverage of outstanding bonds—though the weak 5's of 1950 had to be content with a composition offer involving the acceptance of a preferred

INVESTIGATING A PYRAMID-Dia-INVESTIGATING A PYRAMID—Diagram of the \$3,000,000,000 financial structure of the Van Sweringen rail empire was scrutinized Dec. 9 by Max Lowenthal, below, counsel for the Interstate Commerce Commission, as William C. Potter, chairman, Guaranty Trust Co., New York, looked on. Opposite, left to right, George A. Ball, Muncie, Ind., glass jar manufac-turer, and George A. Tomlinson, Cleveland shipping magnate, whose money backed the late Van Sweringen brothers during the depression; John P. Murphy, accretary, Alleghany Corp., Senator Burton K. Wheel-er, I.C.C. committee chairman and Senator Wallace White.

Underwood 4 Underwood Photos



stock in lieu of interest for five years. And though Alleghany cannot pay out common dividends to swell the coffers of Mr. Ball's Mid-America treasury, neither can Alleghany's props be knocked from under-at today's market

The Portfolio Bulges

That being the case, Mr. Ball's Mid-America has a vast chunk of the nation's railroad systems, namely: Chesabeake & Ohio (3,106 miles); Pere Marquette (2,116); Nickel Plate (705); Erie (2,298); Wheeling & Lake Erie (990). What is more, Mr. Ball will have a substantial slice in the Mop and its associated lines (New Orleans, Texas & Mexico; International Great Northern, Texas & Pacific, Denver & Rio Grande Western) and the Chicago & Eastern Illinois.

Everything that Mid-America is today it owes to C. & O. And it is not going too far to say that most of what Mid-America will be tomorrow will be owed to C. & O. Which makes it highly important for Mr. Ball to keep his eye on that coal carrier, lest it slip away. The Van Sweringen financing was never simple. Its complexity got Alleghany in trouble, because of a decline in the value of collateral securing the bonds; and now its complexity is getting Chesapeake Corp. in trouble because of a rise in the collateral (C. & O. stock) securing Chesapeake bonds (BW-Oct.10'36, p.22).

Chesapeake Corp. bondholders have

the right to convert into C. & O. stock, and have been doing it. At the end of last year, Chesapeake Corp. held 48% of C. & O. stock; in September that had been cut to 45%; and today it is below 40%. Reports are that Chesapeake Corp. plans to do a little financing, either to increase its holdings of C. & O. stock or to buy in the debentures.

So, it looks as if Mr. Ball has his eye on the ball, even though he told the Senate Committee that he leaves details to the "organization." Mr. Ball is 74 and owns about 90% of Mid-America stock. He observes that the company picked up the Alleghany control stock for \$274,000. Which means that the \$3,000,000,000 pyramid came cheap. In all, Mid-America paid out \$3,120, 000, and already has a substantial profit. Not only that, but Mr. Ball got real estate and traction properties in Cleveland. They came along with the collateral Mid-America bought from J. P. Morgan Co. and others at auction in September, 1935. Except for the Mop and the C. & E. I., Mid-America ought to be able to hold the so-called empire together-unless the Senate or the ICC start death-sentencing railroad holding companies. To which the current hearing may well be the prelude. So for the realty, the equity there is very thin indeed.

Hard-Boiled on R-P

Trade Commission hearing indicates price law will be enforced aggressively.

"THERE must be some basis for this complaint against us, yet we have been here now for two days and have no idea what it is. Now we are asked to provide the government with material from which it can prepare its case."

Thus last week vigorous objection was taken to the Federal Trade Commission's procedure in the first hearing of a test case involving alleged violation of the Robinson-Patman law. Chief objector was Pierpont L. Stackpole, counsel for Bird & Son which stands accused of selling its floor coverings to Montgomery Ward & Co. at prices which discriminate against small retail customers (BW—Oct10'36,p13).

But Mr. Stackpole's protest against the "fishing expedition" availed him nothing. Bird & Son invoices from June 19, date of passage of the Robinson-Patman law, to Oct. 31 were subpoenaed. FTC's trial examiner yielded only to the point of forbidding that the records be given to the commission attorneys; they were entrusted instead to FTC's court stenographer.

When the hearing closed in Boston last week, only the route of injunctive relief was open to the defendants, and



NO TIME TO LOSE—Automobile production lines are running full speed, and the constant demand is for more wheels, more engines, more bodies, more accessories. Chevrolet, building this new plant in Indianapolis to manufacture 15 body styles, couldn't afford to shut down the old one. So production continued without loss of a single day as workmen tore down the old buildings, unit by unit, and erected the new factory. Opened this week, it has a million ft. of floor space, can turn out 2,000 automobile bodies a day, uses 199,000 sq. ft. of glass, is thoroughly air-conditioned, and has its own flood-control system to care for emergency rises of the White River.

there was some question whether they would resort to that before the hearing reopens in Chicago, Jan. 4, to take Montgomery Ward's evidence. Confident that examination of the invoices will reveal no practices which cannot be defended, the companies apparently prefer to fight it out on larger issues.

As the Boston hearing drew to a conclusion, it became increasingly evident that the defendants could expect little consideration for their side of the case until proceedings finally got into the courts, if FTC decides to let them go that far. The trial examiner ruled out evidence purporting to show that the volume of retail business was slight and diminishing to the point of negligibility. He said it did not matter whether the degree of the offense was large or small, but others argue that the commission will have to consider such a factor in showing that the discrimination complained of had the required effect of actually lessening competition.

FTC Elated

These critics say that the high-handed manner in which the Bird trial' is being conducted is just one more evidence that FTC is feeling its oats. For more reliable evidence they point to the commission's annual report just issued this week. In the fiscal year closed June 30, FTC investigated 1,827 complaints of unfair competition, issued 386 formal complaints and 161 cease and desist orders, and settled 890 cases by stipulations to cease and desist. Comparable figures for the preceding year were 1,695 complaints filed, 280 complaints issued, 126 cease and desist orders, and 431 stipulations.

Anxious to obtain control of advertising under the new food and drug bill, FTC points to its present activity in this field. Last year it examined 350,000 radio broadcasts and 100,000 printed advertisements, and found 3,179 sufficiently misleading to warrant some action. Significantly, however, only 555 stipulations grew out of false advertising charges.

advertising charges.

The commission again asks for amendments in its organic act which would (1) give it power to regulate "unfair or deceptive acts and practices" without having to prove that competition was involved, (2) enable it to get court decrees backing up its orders, without having to show that the orders had been violated, (3) limit to 60 days the time in which respondent may apply for a court review. To keep pace with its increased powers and prestige, FTC expects a sizable boost in its nearly two million dollar annual appropriation.

Alive to Olive Opportunity

TRADE skies are brightening for the domestic olive industry. Meeting Dec. 11, the California Olive Association laid plans for a nationwide promotion campaign to take advantage of greatly reduced imports from Mediterranean sources which normally supply about 85% of American consumption of olives and olive oil.

Spain, busy with a civil war, is producing only 20% of its usual supply of Spanish green olives. Italian output of oil and olives is down 30% this year and the harvest in Greece is only 60% normal. Tunisian olive production is the smallest in recent years due to unfavorable weather and an insect scourge.

Meanwhile, the domestic field is running 24% ahead of last year in sales of all the industry's products and the chief difficulty is to meet the demand for olives until January's pack is ready.

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Auto Dealers Plead for Cars

Boom in sales is enabling them to set their finances in order. Nearly every car manufactured is going immediately to consumer.

DETROIT (Business Week Bureau) -With the boom in automobile sales this year, car dealers are setting their financial house in order again. The smarter dealers are making money, although not too much, according to reports to the National Automobile Dealers Association. A group of 526 better-than-average dealers squeezed out a net profit of 2.7% in the first nine months of this rear; this would indicate that the average dealer did well if he broke even. An N.A.D.A. study just completed reveals that in '35 almost 17% of the reporting dealers suffered a net loss, 63% were in the black up to 2.9% net profit, and 20% earned 3% or more. The major cause for loss still is traceable to over-allowances on used carsthe dealer's eternal bugaboo.

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Dec. ation otion eatly nean bout Since demise of the NRA code, which provided regulation of trade-in values, dealers generally have lapsed into their former bad habits of making excessive allowances to get new car sales. In a few communities dealers have voluntarily subjected themselves to a system of controlled used car values, but this policy hasn't been widespread. What the N.A.D.A. would like to see is restoration of some form of official control similar to that under NRA, rigidly enforced.

Dealers generally can scarcely be looked upon as the kicked-about stepchildren of the factories, as they once liked to picture themselves. Dealer contracts have been liberalized. What is more important, the attitude of factories is more cooperative. Help is given in moving used cars when dealers' lots become congested, and some companies, particularly General Motors divisions, have gone a long way toward eliminating "cross-selling." This policy of granting exclusive territories aids the dealer tremendously. For example: the N.A.D.A. survey shows that in 1935 dealers in single-dealer cities earned \$23.27 per new car sold, in multiple-dealer cities only \$9.23.

Both factories and dealers are watching carefully the inevitable rise in used car stocks since new model introductions. At announcement time dealers had more used cars than at the same time a year ago. The same holds today. But that isn't disturbing, because dealers are doing a bigger new car and used car business than in '35, hence must carry larger stocks the same as any other merchant. One of the largest car makers reports its dealers had 90,000 used cars on Nov. 1; today the number is 115,000, with a substantial proportion in the lower values (\$150 or less).

Initial buying after new model announcements comes mostly from people with plenty of money who change cars yearly or every two years. This worries some dealers, who take in an unduly large percentage of '36 and '35 models, with high trade-in values, at the beginning of winter when used car purchases feel the freezing effects of the weather. A leading company, on the other hand, contributes this optimistic thought—its dealers had sold by last Mar. 1, 77% of all cars taken in trade from Nov. 1 to Feb. 29, proving that heavy sales of used cars are made during the winter months. Under the fall announcement plan, used car stocks are at bottom about Nov. 1, steadily mount until late in May, then decline.

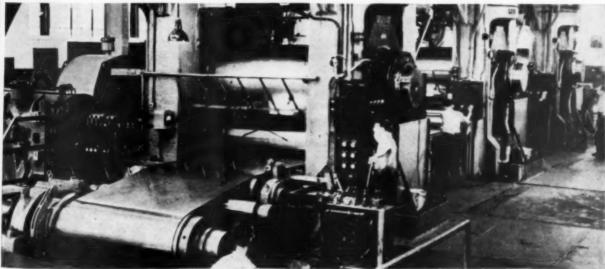
Factories will furnish more help in selling used cars this winter than ever before. Whether General Motors again will set up a junking fund and pay dealers for scrapping old cars probably will depend on how acute the used car situation becomes. Competitors, who have never adopted the scheme, look upon it as an indirect way of granting higher dealer discounts, thus stimulating dealers in the slow season.

Standing in Line

Not in years has the first buying wave after announcements been so overwhelming. Almost every car made is going immediately to the consumer, so that dealers are threatening, cajoling, and pleading for bigger allotments to guard against losing orders to competitors. Despite assemblies well above 100,000 units a week, factories are unable to make a noticeable dent in backlogs. It will be the end of January before dealers have an adequate number of demonstrators as well as new cars. Meanwhile retail buyers are treated to the novelty of waiting for deliveries of certain models.

December Production May Approach Half Million Cars

DETROIT (Business Week Bureau)—December automobile production should



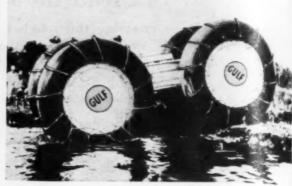
Business Week

MORE AUTOMOBILES; MORE WIDE STEEL—American Rolling Mill Co. increases its capacity to turn out wide steel sheets for automobiles, with the new wide cold reduction mill at its

East Works in Middletown, Ohio. Strip up to 74 in. wide is rolled here, in a mill especially designed for convenience of operation. Armeo also widened its continuous hot strip mill.



OIL IS WHERE YOU FIND IT—and the finding involves certain difficulties, according to Gulf Oil Co. geophycists who carry their equipment into the Louisiana marshes. Transportation isn't quite the worry it used to be, now that the "Marsh Buggy" is in service Powered by a Ford V-8 engine, coupled to a



regular passenger-car transmission and a McCormick Deering tractor gear box, the buggy rolls on land or water, taking it all in stride. Huge 10-ft, tires carry a dozen extra rubber treadstrips, when in water or marshy country, to obtain traction. The vehicle has a marine license, just like any power boat.

be 450,000 to 500,000 units, the exact figure depending on how much the Midland Steel Products tie-up of frames affected Chrysler. General Motors alone has close to 200,000 cars and trucks scheduled this month. Ford is up to about 5,800 cars a day, and is aiming for 7,000. Its orders are said to be running around one-third for the 60 series, with only 25% of output being of that job. It is reported adding 16,000 men at Rouge this week, bringing total employment there to 96,000.

Chrysler has its eye on 125,000 cars a month, and will try to get as near that goal as possible. Independents are smiling over their good fortune. Hudson is building 3,800 cars a week, Studebaker and Nash are going places. Packard is maintaining an all-time high in

production and sales.

A year ago the industry was riding high. In January, however, assemblies eased off and February, partly because of sub-zero weather, brought a precipitate drop. Car makers don't look for a violent dip in February, 1937. Aside from the matter of supplying retail demand and stocking dealers, the labor situation provides an incentive to make as many cars as possible while they can be made.

Fears of Strikes Cause Industry to Stock Up

DETROIT (Business Week Burean)—Automobile manufacturers, faced with the disconcerting outlook of not knowing whether sources of supply (or their own operations) may be cut off tomorrow by strikes, are building up stocks of parts and materials and are asking suppliers to carry three or four weeks' inventories "just in case." Chrysler and Hudson are reported feeling the pinch of the glass strike at Pittsburgh Plate Glass. Ford gets part of its aluminum cylinder heads from the Aluminum Co.'s local plant, now closed by strike. Kelsey-Hayes had a one-hour sitdown strike in its brake department last week.

United Automobile Workers have threatened a general strike at all General Motors plants unless the strike at Fisher Body's Atlanta assembly plant is settled soon. Getting part of its operations away from Akron, Goodyear Tire & Rubber has acquired a former Kelsey plant in Jackson, Mich., to make tires. The story won't down that Nash, bedeviled by troubles in Wisconsin, would like to remove production to the unused Hupp factory here.

Ford Orders Tools

Equipment builders are reaping orders from automotive expansion programs. Ford, desirous of increasing manufacturing capacity at Rouge from 5,200 to 7,000 units in 16 hours, is reputed to have ordered at least a million dollars' worth of machine tools, welders, and heat-treating and foundry equipment. Ford of Canada is in the midst of its biggest improvement program since 1923; it is spending \$3,300,000 to erect new body and final assembly plants at Windsor. Aware of the long-deferred deliveries on equipment today, the industry is reported planning to start the purchase of heavy machinery for '38 programs in January and February.

A "Natural" Merger

Briggs becomes more independent by consolidation with Motor Products Corp.

MERGER of Briggs Mfg. Co. and Motor Products Corp. is looked upon in Detroit as a "natural." Briggs is the largest independent builder of automobile bodies, supplying Ford, Lincoln, Plymouth, and Dodge. Motor Products fabricates various metal parts, including trimmings, moldings, and windshields, for automobile bodies. Its plant in Detroit is next door that of Briggs' Mack Avenue plant. Briggs has been one

of Motor Products' biggest customers. The consolidation makes Briggs further self-sustaining.

Chains Yield on Tax

Their general surrender to Florida law is indicated by A. & P. agreement.

AFTER months of litigation, the Florida chain tax law, originally enacted in 1933 and revised in 1935, finally stands free from the threat of court attack. The willingness of the chains to accept the law as finally interpreted by the Florida Supreme Court was signalized by the agreement reached last week between the Great Atlantic & Pacific Tea Co. and the state comptroller.

The law imposes a license tax ranging from \$10 for a single store to \$400 for each store in a chain of 16 or more. A. & P. owed \$92,000 and, when it was threatened with license revocation, decided to pay the tax rather than appeal to the United States Supreme Court. The comptroller maintains that \$9,200 is due as a penalty for late payment, and this sum A. & P. has paid under protest that previous payments were withheld in good faith because of pending litigation. This penalty assessment will be determined by the

The law also applies 1½ gross receipts tax, but exempts taxes on sales of agricultural products. A. & P. has maintained that this exempted canned goods sales, but the Florida court decided

otherwise. A. & P. is prepared to settle its back taxes, again leaving the penalty assessment for court determination. As far as the gross receipts tax is concerned, the chains apparently do not feel they could successfully press a charge of discrimination such as has been sufficient to knock at all other

gross receipts taxes on the federal Supreme Court.

BUSINESS WEEK

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YES—twice the mileage you've been getting. That's BIG NEWS as well as big mileage—because it means truly worthwhile savings. And it comes to us from operators of city delivery trucks from one end of the country to the other.

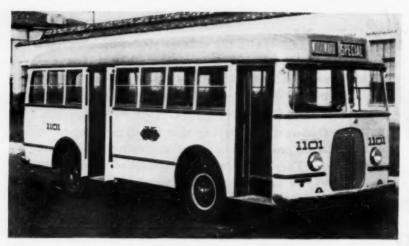
Owners tell of trying this Goodyear Stop-Start Tire on one truck—of later equipping their entire fleet. They tell of mileage increases of from 50% to 200%—of amazingly long service with apparently no wear.*

Why this astounding performance? Because the Stop-Start Goodyear was specially built for delivery truck service. That's why it resists the severe abrasive wear and tear from stopping, starting, braking day in and day out.

Are you sincerely interested in stopping excessive tire costs? Then we suggest that you call in your nearest Goodyear dealer today. Get a look at this Stop-Start Tire. Then—get it on your rims!

THE GOODYEAR TIRE & RUBBER COMPANY, INC. AKRON, OHIO





What About Trailer Squatters?

Many states and cities are going to act on this problem, and so trailer manufacturers rush forward with plans for mild regulation.

WITH a nomadic population estimated at a million gadding about the country in coach trailers, the question what to do about them when they become "squatters" for months on end finally has arisen. Perhaps it is appropriate that the problem has been dumped into Detroit's lap, since that city claims to be the trailer industry's incubator and nursery.

A group of trailerites recently settled down for the winter on a downtown parking lot in Detroit, presumably paying a small weekly fee. In one or two other locations around town, similar groups comfortably flopped down. The result has been yowls from home owners, who think coach trailers nearby don't enhance their property value. Local authorities have acted to oust the trailers.

Camps Solve Trouble

Realizing that whatever plan was evolved in Detroit probably would serve as a pattern for other cities, officials of the Coach Trailer Manufacturers Association rushed to Detroit to meet with state and local officials to iron out the difficulties. The outcome is that a trailer camp, probably on the city's outskirts, is likely to be established and operated by private capital, with the aid of trailer makers. Trailerites will be compelled to move to that site if they want to stay in Detroit.

Trailer makers, by tactful pleading, won over authorities to a cooperative rather than hostile policy. They voiced willingness to go halfway in sponsoring constructive legislation; on the other hand, they point out that city slums exist, with conditions far worse than in any trailer colony, and nothing much is done about them. They ask that the

new industry be given a chance. And Detroit's authorities are careful to see that trailerites aren't summarily driven from the city.

To show their good faith (and to head off wild-eyed legislation to be introduced in many states' legislatures early in '37), trailer manufacturers are recommending uniform state laws which (a) declare the trailer a vehicle rather than a home, (b) call for an annual license fee of 35° per 100 lb. for each coach trailer, (c) require brakes on all trailers weighing more than 1,000 lbs., (d) stipulate proper wiring of trailers to meet building code regulations, (e) provide for proper lights and markers at night, (f) make compulsory adequate couplers between the trailer and the towing car.

Sanitation is declared a local matter applying to municipal, state, and private camps and should be so regulated. To get at all the riffraff trailers on the roads and eliminate them, the trailer people are advocating inspection of every trailer at the time a license is applied for to see that it passes the requirements outlined. There are about 100,000 home-made trailers now in use at which this regulation is aimed. Many of these trailers are unsafe and an eyesore, and probably help prejudice public opinion against trailers generally.

Trailer makers intend to submit these recommendations to the National Highway Users Conference and to Lew Wallace, president of the American Association of Motor Vehicles Administrators, for criticism and alteration. Then they will be championed in various states where some form of legislation is contemplated.

At present the trailer owner who has acquired the roaming fever finds him-

HERE COMES THE FLIVVER BUS-Ford Transit Bus is on the streets of Detroit, rolling along for the street railway with 25 passengers per bus (and room for 24 standees). First 500 have been delivered, at a price under \$4,000 per unit, and the buses will be marketed generally in other parts of the country soon.



self delightfully free from restrictions. He runs into little more in the way of laws than the average motorist as he breezes from state to state. He pays a moderate license fee (and trailer makers see no reason why he shouldn't). New York offers an outstanding case of an excessive fee, a trailer license costing 70¢ per 100 lb. This is a hangover from the days when only truck trailers were on the road. What trailer manufacturers are out to do is to spike attempts to have a trailer declared a home dwelling—as was done by a justice of the peace at Pontiac, Mich. To guard against that, they urge legislation preventing any appendages being built onto a trailer which attaches it to the land. They think the property owner has certain rights which should be respected, and so does the trailer owner. The best way to keep the two from clashing apparently is to establish modern well-managed and supervised trailer camps around the country, some op-erated by local or state authorities and others by private capital, but in any case to preserve public health.

Auto Service Show

Two miles of displays in Chicago testify to the industry's health and future.

Two miles of exhibits on the Navy Pier, Chicago, symbolized the intense jobber and export interest in last week's Automotive Service Industries Show. Messenger boys on roller skates exemplified to industry. (G.M., away with nation he of happy plaint for an additione knowere the Parts A

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plified the acceleration attained in the industry. Fear that the "big three" (G.M., Ford, Chrysler) might walk away with the accessory business of the nation has given way to a conviction of happy days ahead. When the only plaint from jobbers is a hankering for an additional five per cent from the list, one knows that all is well.

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Immediately preceding the show were the meetings of National Standard Parts Association, Motor and Equipment Wholesalers Association, Motor and Equipment Manufacturers Associa-

When a show brings visitors from Melbourne, Buenos Aires, Copenhagen and Durban year after year it has to be good. Pressing problem is how further to limit attendance. This is going to be difficult since visitors already are restricted to members, exhibitors, and their invited guests. If the show gets any bigger it may mean roller skates for visitors as well as messengers.

New Chain Tax Bill

After defeat in California election, advocates of tax prepare for another fight.

ADVOCATES of the chain store tax in California can take lots of punishment. About a month after the voters of the state disapproved such a tax by upwards of 250,000 votes, following a bitter campaign and expenditure of more than \$1,000,000 by those for and against the measure, a group of independent retailers met Dec. 10 in Sacramento under sponsorship of the Anti-Monopoly League, and laid plans for "another aggressive fight."

Included in the program is submission to the 1937 legislature of a bill which would levy a high annual license on every retail chain store, restaurant, gasoline station, and similar establishment in the state. The new bill would eliminate several of the exemptions which were thought to be a weakness of the former measure, notably the gasoline stations. Chain organizations were counting on these exemptions as evidence of an arbitrary classification, sufficient to invalidate the law in case the previous measure had been approved by the voters.

The 1937 bill will follow the gross license levy plan, approved by the United States Supreme Court in the case of Indiana's tax five years ago. It will provide for a license fee of \$1 for one store, increasing progressively for the second and additional stores to a \$500 fee for each over 19. The former act levied \$500 on each unit over nine. Legislative "strategy" will be in the hands of William D. Hadler, head of the Retail Grocers' Association and organizer of the Anti-Monopoly League.



By As Little As 3/100,000 Inch

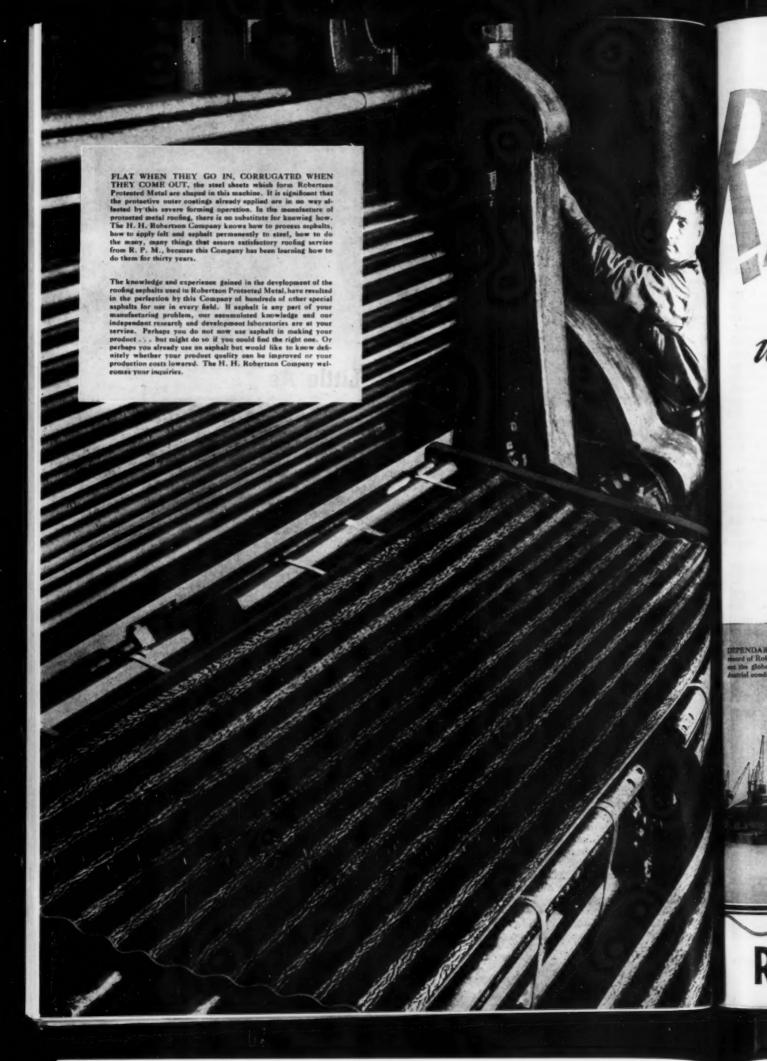
A MEASUREMENT that is finer than the one-hundredth part of a human hair. This man measures the expansion, by heating, of a piece of metal. If this expansion deviates by as little as 3/100,000 inch from the expansion of the material it is to match, only failure can result. Such precise measurements made possible the new all-metal radio tube.

Measurements of equal precision, in General Electric laboratories, are fundamental to the further development of quality in design and manufacture of all General Electric products. Careful measurements made possible the hermetically sealed G-E refrigerator, with its lifetime dependability and its low-cost operation. Precise measurements, by G-E scientists, of electric currents in vacuum tubes have led the way to present high standards of radio reception.

These are but a few examples of the contributions of scientific research and engineering in General Electric laboratories in Schenectady contributions which have stimulated new industries, increased employment, and provided greater comforts of living.

G-E research has saved the public from ten to one hundred dollars for every dollar it has earned for General Electric

GENERAL @ ELECTRIC





THREE LETTERS

with Thirty Years Experience Behind Them

ROBERTSON Protected Metal... that's its full name. But wherever factories flourish and industrial plants exist, our roofing material is known to the trade as "R.P.M."

These three letters are significant. Originally they meant a sheet of steel covered with felt and asphalt and used for industrial roofing. We patented that idea thirty years ago.

But today, the letters R. P. M. represent much more than that. They signify a product unique in its field. A roofing that defies with success, in practically every country of the world, the ever-present menace of corrosion, salt air, fumes, chemicals, wind erosion and humidity. A protected metal with a special factory-applied sealing coat which proves triumphantly the old truth that a roof is as good as its surface.

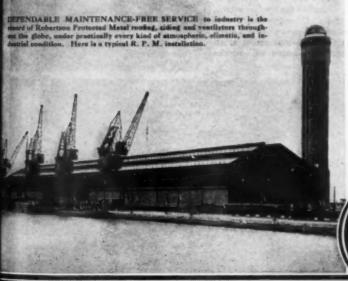
To put it simply, the letters R.P.M. symbolize a product made possible only by thirty years of learning how. Thirty years of meeting manufacturers' roofing needs, of learning how to process asphalts to withstand destructive forces. And thirty years of learning how to give you the finest roof, at the lowest cost per year of service, that the

industry affords. We believe it will be a long time before anyone else can produce a protected metal roofing as good as R.P.M.

For those three letters have thirty years experience behind them.

If you are interested in an industrial building project of any kind, we invite you to write for a free copy of our brochure "Roofs Over Industry." It explains fully the advantages of Robertson Protected Metal, and depicts in dramatic photographs the care, science and knowledge which go into its making.

H. H. ROBERTSON COMPANY 2007 GRANT BUILDING : : : PITTSBURGH, PA.





THIS COMPLETE PROTECTION of the metal core is what has made Robertson Protested Metal world famous as a material for the coof and sidewalls of industrial buildings.

ROBERTSON / Protected METAL

Legal Hurdle for Price Laws

U. S. Supreme Court says they're in line with federal Constitution, but highest courts in some states say they violate state constitutions.

THERE may be a no-man's land in the field of legislation where neither state nor national governments can prevail, but so far as the judiciary is concerned, the integration is pretty close and pretty complete, thanks to the fact that state courts follow almost slavishly the dictates of the highest federal bench. Supporters of the fair trade laws are counting heavily on that precedent to insure the complete workability of their pet pattern of price control, unanimously approved last week by the United States

Supreme Court.

In that decision, the court said there was no Constitutional violation in the 15 existing state fair trade laws, empowering manufacturers of trademarked merchandise to sign resale price agreements with their dealers-a legal right which organized retailers, particularly in the drug field, are rapidly fashioning into a business compulsion. The court also said that the common provision of those 15 laws making such contract prices binding even on nonsigners, provided they were fully in-formed of the required minimums, did not violate the federal Constitution.

Months earlier, however, the highest courts in three states—New York, Wisconsin, and New Jersey—had said that this non-signer clause did violate both the several state and federal constitutions. And they cited chapter and verse from earlier Supreme Court decisions

to support their position.

Blandly reversed now by the highest judiciary insofar as the federal Constitution is concerned, their decisions invalidating the non-signer clause as an invasion of rights guaranteed by the state constitutions still stand. And they will continue to stand until each court has an opportunity to speak again.

Will Embarrass Judges

Backtracking is certain to prove embarrassing to these jurists, particularly to the New York Court of Appeals which enjoys unusually high repute and which 11 months ago outlawed the non-signer clause in as unanimous and unequivocal fashion as the Supreme Court last week approved it.

Efforts are being made, however, to make the backtracking as mercifully speedy and gracious as possible. Scarcely had the Supreme Court opinion been read, before applications were filed with the Court of Appeals for a reargument of the cases of Macy vs. Doubleday, Doran, and of Seeck & Kade vs. R. Tomshinsky.

Well aware, however, that the court regards the granting of motions for reargument as an impairment of its own dignity, fair-trade enthusiasts have devised a more face-saving procedure. Late last week, Bourjois, Inc., filed an action against Abraham Dorfman, a Brooklyn cut rate druggist, charging that he violated the New York fair trade law in selling "Evening in Paris" perfume below the level specified in other contracts. (Dorfman himself never signed such an agreement.) The plan was to rush the case to trial before Judge Steinbrink in Brooklyn this week.

Sets Appeal Date

If everything works out according to schedule, the Court of Appeals will hear an appeal from his decision on Jan. 4, the same date when motions to reargue the Macy and Seeck & Kade cases would normally be decided. The court could then defer reargument and declare its policy in the Bourjois case, so that the decisive legal battle would be fought without the participation of R. H. Macy & Co., one of the strongest opponents of price control laws.

Macy's and others who are fighting the fair trade laws cling to the hope

THE PASSENGERS WILL DECIDE -With a new-type shielded aerial system (right) and conversion of electric current to 110 AC, the New York Central has solved the problems incident to installation of regular radio sets. The first 28 of them are being installed for special events, sports contests, etc. Passenger reaction is being recorded, and if the customers show that they want the home-type radios at all hours, permanent installation will be the

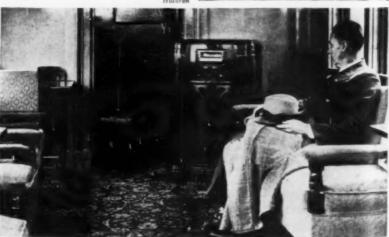
that the Court of Appeals will stick by its guns. Such action would materially hearten other state courts, and thus the fair trade movement might yet be effectively hamstrung. Even these opposition forces, however, realize that the occasions when a high state court repudiates the United States Supreme Court are few and far between. Hope that this may be one of those

occasions springs from several sourcesfrom the tone of the previous unani-mous decision of New York's Court of Appeals and from the great and grow. ing popular opposition to the law as manifest principally in Gotham's press, a factor which elected officials necessarily take into consideration.

Then too, they hope that a split may be effected in the ranks of the fair trade supporters. They reason that manufacturers who rushed into print this week with messages of congratula-tion on the retailers' Supreme Coun victory may be none too well pleased with the cooperation they are receiving in return. Last Sunday, for example, 1,000 of those retailers in Brooklyn went on a four-hour strike and called vigorously on the medical profession to stop specifying proprietary medicines and to write prescriptions instead which yield a longer profit for druggists.

Certainly, among manufacturers there is a growing sentiment in favor of a loss limitation law, similar to Callfornia's Unfair Practices Act, which it is argued would placate the independent retailers, would not antagonize chains, and would not expose manufacturers to





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undue retailer pressure in the dictation of price policies such as is threatened under the fair trade laws. At its meeting a fortnight ago, the Associated Grocery Manufacturers of America approved in principle the model law drafted in untechnical language by the National Food & Grocery Conference Committee. This law would forbid below-cost selling and would define cost as purchase price or replacement cost plus a markup amounting to less than the minimum cost of distribution, "which markup in the absence of proof to the contrary shall be 6%."

It is unquestionable whether this drive will gather sufficient momentum to forestall enactment of fair trade laws in the remaining 33 states or to confine

the extent of their use.

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Some Bid, Some Don't

Many firms find Walsh-Healey law isn't tough, but heavy industries find it is.

Washington (Business Week Bureau)
—Although American industry in general appears to have accepted Walsh-Healey restrictions, at least in their present restricted form without minimum wage determinations, there are still a few fields in which the government is actually soliciting business because of widespread failure to submit bids.

Comprehensive listing of these industries is impossible, for the Department of Labor has adopted the ostrichlike attitude of refusing to see any difficulty in purchasing what the departments need. It is known, however, that the Navy last week failed to get a single bid on a proposed order for 2,600,000 lb. of copper, is having difficulty in securing certain forms of steel products, and regards the situation in the machine tool industry with misgiving. Similar difficulties in the purchase of aircraft and parts have apparently been resolved, and the latest weekly list of successful bidders subject to Walsh-Healey stipulations lists Curtiss-Wright, United Aircraft, and Eclipse as willing conformers.

Other Businesses in Line

The oil companies have fallen in line and large companies are now generally participating in the bidding. The same is true in textiles. Competition was heavy for recent orders for a total yardage of 4,596,300 for the Works Progress Administration.

What the situation will be when the law gets more drastic, as it is expected to do, is another question. Hampered by the lack of an appropriation and adequate personnel, the department has so far refrained from setting up any minimum wage scales, although one hearing has been held relating to the men's





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work-garment industry and a further hearing is scheduled soon. If the department adopts a realistic attitude on wage scales all should be well, but if, as many expect, its minimum wage scales reflect organized labor's aspira-tions, many now bidding will quietly drop from the field.

Sec. Perkins has already announced her determination to seek amendments to the act and, although the form of these has not been definitely announced, it is evident from her attitude that they will tend to tighten, rather than relax, its provisions. Her vocal aversion toward "evasions" of the law through split bids coming under the \$10,000 limit, bidding through dealers, and the farming out of work to subcontractors, is an indication of the probable direction of her recommendations. And there are even rumors of a "Section 7-a" to add the recognition of collective bargaining to the Walsh-Healey omnibus.

Meanwhile, however, compliance with the new statute is really no hardship to those who can countenance a little red tape, provided they are already on 1 40-hour week or less. The minimum wage provisions are, to all practical purposes, out of the window until Congress appropriates funds for adequate person. nel, and until this new force can hold hearings and make determinations. Such determinations will not, of course, apply to bids made or contracts entered into before the effective date of the order. Because the act is not so black as painted, and is not generally understood, the Labor Department claims a considerable degree of success in drum. ming up trade and is taking active measures to canvass for bids in fields where unsolicited bids are failing to come in. This method, rather than the easy granting of exemptions, is being followed in clearing up the federal pur. chasing picture.

New Products— New processes, new designs, new packages, new production and sales methods.

AT least one automobile manufacturer is pressing timing gears and harmonic balancer units into position on crank shafts, with the new high-speed portable hydraulic press (with inbuilt locating fixture) developed by Hannifin Mfg. Co., 621 S. Kolmar Ave., Chicago. Weighing but 80 lb., this yoke type press is put into operation by a push button and completes its cycle in approximately two seconds. high-speed portable presses in capacities ranging from 2 to 50 tons are available for punching, crimping, riveting, and other assembly operations.

SMALL hole production should be speeded up with the new line of accurately centered, high-speed steel flat drills, manufactured in a diameter range from 0.002 to 0.100 in. by Grobet File Corp. of America, 3 Park Place, New York.

THE general purpose of the new "bearing oil leak detector" just being put into production by Federal-Mogul Corp., Detroit, is to supply a standardized oil at predetermined pressure to an auto-motive engine's lubricating system. Then, with the oil pan removed, the rate of oil leakage at the main, rod, and cam bearings can be observed and the faulty or worn bearings picked out by the amount of leakage. A drop or two a second is all right; a steady stream is something else again.

SMALL in size, but large in number of possible applications, is the new "Valv-Ring" of Hastings Mfg. Co., Hastings, Mich., designed to effect permanent repairs on automobile poppet valves run-

ning in worn or oversize valve guides. A small hand tool cuts three grooves on the valve stem; three small rings, like piston rings, are slipped on; that's all. Four sizes take care of practically all passenger cars and trucks.

GRANTED a conscientious milkman, who will be asked to turn on a 40-watt heating lamp in freezing weather, milk will no longer reach the customer with an "ice eruption" forcing off the bottle



And in summer the insulated "Mlko Thermosafe," invented and patented by Alan L. Becket, 350 Spring-dale Ave., East Orange, N. J., will guard its contents against the baleful effects of the sun's hot rays.

"WINTER SILOO" is a chemical compound developed by Motor Fume Utilizer Corp., Long Island City, N. Y., to prevent water from freezing in automotive crankcases, fuel pumps, carburetors, gas tank dispensi that wh gasoline formatio

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gas tanks, compressors, air brakes, and dispensing pumps. The maker says that when the liquid is added to the gasoline it will also prevent sludge formation and corrosion.

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FOR industries requiring oil-free air, the new "Oilfreair" compressor of Pennsylvania Pump & Compressor Co., Easton, Pa., utilizes a carbon packing ring requiring no lubrication. A tail rod and bearing carry weight of piston in order to preserve carbon ring.

AGAIN strikes the hand of the industrial designer on a strictly utilitarian piece of office equipment and there ap-

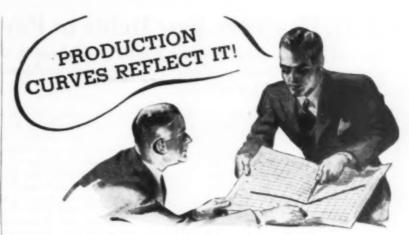


pears the newest all-steel, roundcornered filing cabinet of Browne-Morse Co., Muskegon, Mich. Available with two, three, or four drawers, legal or letter size.

Two small chromium-plated nozzles mounted just below the windshield wiper are all that can be seen of the automatic windshield washer recently shown by Trico Products Co., Buffalo. A vacuum pump draws water or other liquid from a glass reservoir mounted beneath the hood; the driver controls the volume; the regular windshield wiper does the rest.

BLACKHAWK MFG. Co., Milwaukce, revealed for the first time at the Automotive Service Industries Show, Chicago, its new rubber composition "Flex-Heads" for body jacks. These 6-in. and 3-in. flexible hemispheres, designed to screw on to 1\frac{1}{2} in. standard thread jack heads, conform to various contours without scratching.

EMPLOYERS with large payrolls have their machines for figuring, recording, and reporting various data required under Social Security act regulations. Employers with smaller payrolls will have standard check forms just developed by Northern Lithographing Co., 2340 N. Racine Ave., Chicago, to provide check, employee's deduction statement, and permanent record.



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 Rising curves on production charts in hundreds of manufacturing plants reflect the advantages of Acme Superstrip. Made to meet individual drawing, forming or welding requirements. Acme

Superstrip effects production economies and increases output.

The fine quality and flawless finish of Acme Superstrip reduce waste and rejections to a minimum. Superstrip is shipped "ready to use." Specially packed to eliminate unnecessary handling and to fit your production methods.

Send for your copy of "Batting 'Em Out," which illustrates and describes many products made better and faster with Acme Superstrip. ACME STEEL COMPANY, General Offices: Chicago. Branches and Sales Offices in Principal Cities.



 Brake drum used on well-known automobile.
 Made from hot rolled Acme Superstrip. This is a typical example of a part requiring close co-operation between customer and mill.



 Decorative column fabricated from cold rolled Acme Superstrip—rolled for the job. This product is also made from Acme stainless Superstrip.

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ACME STEEL COMPANY, Send me a free copy of the k	828 Archer Avenue, Chicago ooklet, "Batting 'Em Out."
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F.D.R. Has Very Few Debts to Pay

He will enter his new term practically free of political Stanley High is a minor problem. Maybe Miss Perkins will stay.

VERY rarely in American history has a President had so few important political debts to pay at the beginning of a four-year Administration as Franklin D. Roosevelt will check up on Jan. 20. It could easily be assumed that he owed nothing to anyone-that all the work done in renominating and reelecting him was done by the regular office force, so to speak.

Even where there were extra added attractions they frequently offset each other-as in the cases of William Green and John L. Lewis, for example.

One of the few cases of new soloists in the cast was that of Dr. Stanley High, especially commissioned to repair what was feared to be a break in the clergy against the President. Fear of the break was based on a bad bull on the part of the Secretariat in letting the President send out a form letter asking advice from clergymen, the break being that it was practically the same text that had been already used by the La Follettes in Wisconsin. Moreover, a special poll by the Literary Digest showed the clergy strongly against the President.

Not So Bad

But looking backward it does not appear so important. The Digest poll does not carry the conviction it once did. And all the clergy could not have been against Roosevelt, or Landon would have gotten more votes. So the job of repairing the break in the dyke dwindles a little.

Besides the gentleman has already attempted to interpret the Roosevelt mind in a magazine article, always a dangerous procedure, as it generally is not only a trial balloon for policies that the President may be turning over in his mind, but for the author as well. Dr. High made a break about freedom of the press, and intimated that the President would like a means of curbing it. This is not believed to have raised the good doctor's prestige at 1600 Pennsylvania avenue.

But you can write it down that, if he commits no more indiscretions, Dr. High will get some sort of recognition, probably nothing very important, but something to show royal favor.

There are not, as a matter of fact, many first-class plums to be handed out if one ignores the actuarial tables and eliminates probable deaths in the Supreme Court and other high places. Many think Miss Perkins will retire from the Department of Labor. Roosevelt himself never cared much about her. Democratic leaders cared much less.

Labor Leaders were actively antagonistic. She was appointed to please Mrs. Roosevelt, and it is just possible that she may be retained for the same reason, especially as labor has divided into such hostile factions that it may be impossible to find anyone whose appointment will not start a row. So that it may just turn out to be in the interest of harmony to let her rock along, with Edward F. McGrady really running the department. Just as Puddler Jim Davis rocked along through most of three Administrations just because labor could not agree on who should be his successor.

Another Good Job Open

Several undersecretaryships that rate appointment of top-notch young men are vacant. In the War Department Harry Woodring was elevated to the Cabinet post, succeeding the late George H. Dern. In the Navy Charles Edison was recently appointed to succeed the late Henry Latrobe Roosevelt. Nor-mally, the undersecretaryship of the Treasury, in which there has been a heavy turnover, would be plenty important. It is still a nice title. Undersecretary of State is still more glamorous from the social standpoint. And with Rexford Guy Tugwell shaking the dust of Washington from his feet, there is also an undersecretaryship vacant in Agriculture.

But speculation on this last shows clearly how the wind is blowing. Washington insiders regard the most likely candidate as M. L. Wilson, an old agricultural extension man who has

been working his way up through the ranks in the Department of Agriculture since Tama Jim Wilson used to kid Congress about his building program back in the days when the department's main idea was to boost agricultural production.

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The same thing may happen to the State Department, for Mr. Roosevelt wants no more of the kind of thing which happened when he put his then No. 1 Brain Truster, Ray Moley, in as State Secretary Cordell Hull's assigant. That provoked the first spectacular battle inside the Administration. And incidentally some of Moley's own appointees played almost as much havor in disrupting staid State Department employee morale as their chief did.

Hull is still tremendously strongwill stay so. So whoever gets this important, both diplomatically and socially place is going to be satisfactory to the Tennessee gentleman who is such an angel of peace internationally but who packs such a wallop in domestic en-

Counters. It may easily be a career man.

One of the less spectacular posts which are nevertheless of tremendous importance is that of commissioner of reclamation, vacant since the death of Dr. Elwood Mead. John Page, another career man, is slated for that.

In Office 15 Years

Acting Budget Director Bell is apparently being groomed for Comptrolle General, in place of the wicked McCarl who even stooped to write pieces about government spending in the Saturday Evening Post after his 15-year term expired. But there will be some care taken on that. It is not a question of paying off some political claim of dubious merit. The job lasts 15 years, and is calculated to make its holder independent as the proverbial hog on ice. The place of assistant director is also vacant.

Two new commissions, Maritime and Federal Alcohol, charged with responsibility for administering important statutes, demand care in selection of their personnel. Three members were

S.R.O.—Reservations for President Roose velt's inauguration Jan. 20 have already been exhausted, although stands and platform are largest ever planned for the quadrennial spectacle of a president taking the oath of office.



appointed several weeks ago to the Maritime posts to form a quorum. Changes would not be surprising and two more members must be added. The Federal Alcohol Administration still is functioning as a Treasury Department unit, pending appointment of three commissioners.

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The Federal Reserve Board is short on members and there are dozens of jobs to be filled in the executive departments, the judiciary, and the foreign service. The government has grown to such proportions that, in the nature of things, excellent vacancies to reward any new deserving men or bearers of particularly fragrant incense abound. It is not the sort of problem to multiply the President's gray hairs, or lessen their quantity.

Testing the Budget Bundle

Will low-priced, all-finished service be as profitable for average Middletown laundry as for big fellows? The answer in Topeka seems yes.

MIDDLE-SIZED laundryowners in middle-sized towns are awaiting the final report on a merchandising test being conducted in Topeka, Kan., sponsored by one of the leading manufacturers of laundry machinery, Prosperity Co., Inc., Syracuse, N. Y. The test should settle an argument which was started about a year ago on the floor of the laundryowners' national convention (BIV—Nov.2'35,p29): Can the average Middletown laundry, assisted by a ready-made sales campaign, hope to obtain a sufficient volume of Budget Bundles (the new, low-priced, all-finished service) to insure production costs in line with several large metropolitan laundries? Which same large plants, it might be added, were in a pretty bad way until they took on Budget Bundle service.

Revenue Doubled

With two weeks more to go in their 12-week campaign, the three Topeka laundries co-operating with Prosperity Co. report increases of from 70% to 100% in their finished family washing departments; production costs are favorable, and prospects for further increases are most promising. Contrasted to another national merchandising test-American Laundry Machinery Co.'s damp wash campaign in 1933, in which these same Topeka laundries participated, together with 44 Kansas City plants-, the total number of new customers obtained is not quite so impressive. Total revenue, however, is more than twice as much. Most important thing about the Topeka test is the fact that the new business does not represent raids on competitors' patrons. Approximately half represents conversions from lower priced services; half have never before sent to power laundries.

Most effective punch in the Topeka campaign is the Monday Matinee Club, a tie-up between the participating laundries and the local Fox Theater organization. Since Monday happens to be the one day in the week when most Middletown housewives forego all

forms of pleasure, including the movies, in order to attend to the family washing in person or by supervision, a deal was made with the Fox management for the purchase of a large block of tickets at a substantial discount, good for admission only on Monday afternoon at any of the first run theaters. Two tickets instead of one are distributed with every Budget Bundle, the idea being that the recipient probably loves (1) to play hostess and (2) at the same time, talk about her laundry bargain. This movie stunt was tried, be-

ginning with the eighth week of the campaign, with a resulting increase of 33% over the best previous week.

Ultimate goal of the laundry indus-try generally is an all-finished bundle within reach of the great middle income class. Until Budget Bundle was introduced a few years ago by Superior Laundry, Boston, several low-priced completely machine-ironed services had been offered from time to time but none seemed to suit the average home manager. Principal objection was because certain pieces of outer wearing appare! - dresses, blouses, shirts - ironed through a flatwork ironer or double-lay on presses, were hardly presentable; they usually required more hand ironing at home than if they had been left unpressed. To overcome this, Budget Bundle includes well-finished shirts, dresses, and flatwork, but the balance of the bundle-underwear, socks, pajamas and other unsceables-is either tumbled dry and folded, or pressed doublelay. The high minimum charge, usually close to two dollars, not only boosts the level of the average sale but also obtains a higher proportion of flatwork to wearing apparel than in other fin-ished services—a break for the laundry.

Average charge for Budget Bundle is 11¢ per lb. which is approximately 50% less than the average charge for the



regular de luxe finished family service throughout the country. Topeka laundries are selling Budget Bundle at 18 lb. for \$1.98—additional weight, 10¢ a lb. The bundles average \$2.26.

The advertising campaign was prepared by the Chas. W. Oswald Advertising Agency, Philadelphia, assisted by the Wales Advertising Agency, Topeka. The campaign will be soon offered in mat form to other groups who want it

Sugar Quotas Okay

At least the market hears the higher figures for 1937 and doesn't get disturbed.

CAREFULLY, almost stealthily, the Department of Agriculture this year gave out its quota restrictions on 1937 sugar for United States consumption. Information fraught with high speculative significance to the sugar trade, the figures had been guarded in strictest secrecy in advance; then Sunday was chosen for their publication so that the trade would have 24 hours to think them over before the start of business this week.

The result was that quotas substantially larger than those posted a year ago (although smaller than 1936's indicated consumption) passed off without a ripple in this week's raw sugar markets. The initial quotas for 1937 total 6,682,670 short tons; in December, 1935, Sec. Wallace posted quotas of 6,434,088 tons which were gradually raised, as domestic use grew, to a final figure of 6,812,687, including 127,000 tons carried over from the preceding year.

Quotas Compared

Some in the sugar trade had hoped for quotas below the 6,682,670 tons now put into force, feeling that the final 1936 figures overshot consumption by a comfortable margin. However, most had expected the AAA to set up limits of just about the proportions announced. Here's how they compare with initial 1936 quotas:

	1937	1936
Continental U. S.		
Beet	1,613,576	1,550,000
Cane	270,664	260,000
Hawaii	976,685	941,199
Puerto Rico	831,508	801,297
Philippines	1,035,742	998,110
Virgin Islands	5,462	5,264
Cuba	1,922,423	1,852,575
Others	26,610	25,643
Total	6.682.670	6.434.088

Under the system as it has been handled this year, these figures will serve as the base from which Sec. Wallace will make upward revisions if and when domestic conditions require them. Reductions from these initial figures aren't practical, because producers gauge their output to meet limits.

The expanded figures for 1937 are suspected of having another significance, too. Producers of both beet and cane sugar in continental United States have been setting up an awful howl about getting the worst of the quotas. It remains to be seen whether they are satisfied with increases allotted, with Southern cane planters prepared to go to Congress for action if they decide AAA hasn't done right by them.

With quotas out of the way for the moment, AAA has only one other major sugar problem on its hands—the price that growers are to receive in their 1937 contracts with the beet sugar processors. Department of Agriculture officials had both camps down in Wash-

ington two weeks ago, had them meet jointly and separately, submitted a sample contract, and wound up right where they began—without any contract approved.

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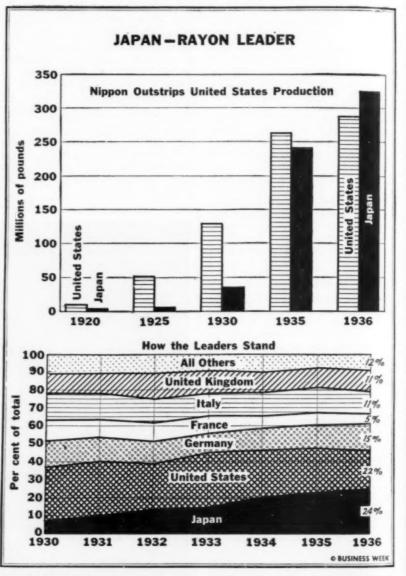
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AAA took no official part in the negotiations, but it's no state secret that the growers' demand for a higher percentage of the refined beet sugar sales price had Department of Agriculture blessing. Processors balked for fear they would also be saddled with some new processing tax to permit revival of benefit payments to beet growers. But, as there won't be many contracts signed before March, there is the general expectation that some compromise will be worked out.



JAPAN LEADS—The world's leading silk producer, and the largest exporter of cotton goods, this year will become the world's leading manufacturer of rayon, according to estimates just released by Rayon Organon. Japan produces its own silk, but is almost entirely dependent on outside supplies of raw cotton and wood pulp for its cotton goods and rayon industries. Though Japan is an important competitor in world textile markets, the United States has a stake in Nippon's new success for this country is a major supplier of both raw materials for the Japanese industry.

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Three-point peace plan at Inter-American Conference is modest, but a more ambitious program would evoke less confidence. Trade plan is next.

THE accomplishments of the Inter-American conference at Buenos Aires are encouraging because of their modesty. The world, and probably the 21 participating nations themselves, will have more confidence in the ultimate success of a simple program to which all of the nations are likely to try wholeheartedly to adhere than in some intricate scheme.

In spite of complications, a threepoint peace plan is emerging:

1. All the nations agree that they will call a conference to decide on a united policy in case war breaks out in any of the countries in the Western hemisphere, or in any other part of the world if it threatens the peace of the Americas.

2. All the nations declare against intervention by any one of them in the internal affairs of any other one. If this pledge is broken, a conference will be called by the rest to decide on action.

3. The third plan is a neutrality convention. It provides for a conference of all the powers if the neutrality of any of them is threatened. It lacks the teeth which Sec. Hull had hoped for-including an embargo of arms shipments to belligerents—but it pledges support to a plan which might develop into a constructive neutrality program when an emergency arises.

One of the major complications at

Buenos Aires has been the fear of some of the important participants-including, especially, Argentina — that the conference would take moves which would complicate the position of those countries which are also members of the League of Nations and which are bound by certain pledges at Geneva.

No Feeling Against League

Regardless of whatever skepticism there may be among the delegates at Buenos Aires over the effectiveness of the League of Nations and the possibility that it will be reformed into a forceful organization, there is no desire on the part of even those nations which are not members of the League to do anything to discredit it, or to bar its chances for reorganization.

A second group of plans - affecting trade-remain to be settled at Buenos Aires before the conference breaks up on Dec. 23. The trade plan, like the peace plan, has three principles:

1. The 21 nations will agree to reduce unreasonable barriers to trade among themselves.

2. They will create no new obstacles to international trade.

3. They will agree to maintain the most-favored-nation principle - which means that any concessions worked out between two nations will automatically be extended to other nations.

The nations of Latin-America are showing a new interest in cooperation among themselves and with the United States. They have important customers in Europe which they cannot afford to offend, but they are worried over the talk of expansion by the "have not" nations, the insecurity of small nations which are forced to rely on treaties rather than arms, and the threatening ambition of the crowded nations of Europe to spread into rich, sparsely settled regions such as are found throughout Central and South America.

Friendlier Toward U. S.

They are also less suspicious of United States imperialism than they were a few years ago. A part of this feeling has developed because of the present Administration's constructive good neighbor" program. But a part of it is also due to the fact that unstable internal conditions in some of the countries have proved more of a threat than any of our recent actions.

The results of the Buenos Aires conference, when they can be summarized, will show that a new Monroe Doctrine has developed, which is subscribed to by all the nations rather than dictated by the largest of them. The new cooperation will grow slowly, and only after many discouraging setbacks, but it is apparently getting a good start on a firm foundation at Buenos Aires. If peace can be preserved in this hemisphere until the next Inter-American conference meets, and if in the meantime the new trade plans can build up stronger economic structures in some of the countries, a larger cooperative program will be possible for the Americas.

Short of Anti-Freeze

A SHORTAGE of glycerine is worrying automobile owners who use a glycerine type of anti-freeze in their cars. At the same time, National Carbon Co., by good selling, has overrun the production program for its Prestone anti-freeze and has been unable to make increased supplies of ethylene glycol fast enough to meet the demand. This has nothing to do with the glycerine shortage, there being no glycerine in Prestone—as should have been brought out in an earlier news story on this subject (BW-Nov28'36,p15).



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THREE HEILS AND A BANZAI!-Hanging the German Swastika and the Rising Sun of Japan side by side, Tokyo citizens celebrate the signing of the anti-communistic pact between the two countries. Jubilation was widespread in Japan, but subsequent reper-cussions have brought doubts that the treaty was a wise move.

Crisis in the Orient

Startling actions by young marshal who was dissatisfied with Chiang Kai-shek may cause wide fighting and possibly lead to world war.

OUTCOME of the new crisis which developed in China this week will not be known for some time.

If loyal troops from the central government in Nanking quickly force the rebels in Sianfu to capitulate, serious trouble may be avoided.

If other dissastified factions in China join the side of the rebels in demanding an attack on the Japanese aggressors in North China, another series of civil wars may develop.

If enough forces will join the Sianfu rebels, an attack on Japanese-led Manchukuan forces, now pushing to the west in Suiyuan province, or a continuation of the murders of Japanese subjects in Chinese territory might revive open warfare between China and Japan.

Europe Might Be Involved

Finally, if this struggle assumes really large proportions, it might involve Russia, for it is getting its start in the northwestern part of China where Japan is trying to carve out a buffer zone under Tokyo's control which will effectively block a Soviet attack on Japan, through China, in case the Soviets and the Japanese ever get involved in a war. If the situation ever gets this far out of control, European powers would in-evitably be involved.

One of the first two conditions are likely to develop, for in spite of the tensions throughout the world, even the aggressors have shown a desire in recent months to back down when it appeared that another inch of pressure would precipitate a general blowup.

As far as China is concerned, the crisis arose as a result of a clash of

personalities and ideals.

Chang Hsueh-liang-the "young marshal" who kidnapped Chiang Kai-shek, the effective head of the Chinese government at Nanking—is the son of the old war lord who ruled Manchuria virtually as an independent king. When, in 1931, the Japanese forced the Chinese authorities out of Manchuria, young Chang led his troops south of the Great Wall and joined the other ward lords of the region who bargained among themselves and with Nanking officials for a "territory" in which they might quarter their troops and "collect" a living.

Having been driven out of Manchuria-which he controlled completely and where he lived richly-by Japan, General Chang has remained a bitter enemy of the Japanese and has rallied around him hundreds of young student agitators unfamiliar with the modern military equipment of Japan and the western nations, filled with patriotic zeal, and eager to force the Chinese government to take a firm stand against

Japanese aggression.

The kidnapped Chiang Kai-shek grew up in an entirely different background Because he was an orphan, he became a soldier when he was a boy. When the Chinese republic was formed 25 years ago, he was one of the young officers chosen by the government to go to the Imperial Military College in Japan and study modern military methods. Later he was sent to Moscow by China's famed nationalist leader, Sun Yat-sen, to study Soviet military organi-

Drastically Ended Friendliness

Any friendliness he may have had for Russia ended in 1929 when he shipped all the Soviet consular representatives out of China. Since 1931, he has been the only effective opposition to Japanese aggression in China.

Chiang's whole efforts during the last 10 years were spent in unifying China, in suppressing banditry, in building up a modern army which would be at once a police force and ultimately a defense organization to regain and maintain Chinese prestige among the

He had made an effective beginning in accomplishing these ends. this year became more nearly united than at any time in the last 15 years. Bandits were driven to the remote corners of the country. Communist hordes which threatened the Nanking government were driven from place to place until their opposition seemed

China's railway mileage has not increased greatly in the last 10 years, but service has been restored to every main line, a new strategic line connecting Hankow with the important political and commercial center of South China-Canton-has been built and opened for regular service, and at least eight other strategic lines surveyed.

Farm Conditions Better

More than 80% of China's population is agricultural, so vast efforts have been made to improve their condition. Crops this year are the best China has had in 25 years. Imports of foodstuffs have been cut to a fraction of the figure for five years ago. Irrigation and flood control projects are planned, under way, or completed. Irritating local taxes in hundreds of communities have been discontinued. Government experimental stations are providing fresh seeds, instructing young farmers in the cultivation of new crops, and standardizing products for sale on metropolitan markets at home and abroad.

Chiang's aim has been to build China up internally as the surest way of meeting effectively the economic pressure from European nations and the military threat from nearer neighbors. It was a policy which demanded patience and

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areful planning, and one which irrired many of the young military officials od the mass of the student leaders all ver the country. It was a policy which as beginning to bear fruit, though hina has a long way to go before it m meet on an equal footing either poomic or military pressure from the

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It is doubtful if either Japan or usia had anything to do with the resent crisis though Japan has unnubtedly been nervous over the obvious ternal strengthening of China. The enewal of civil war in the old Celestial mpire would free Tokyo from the ited pressure of the Chinese which is become serious in the last few

Russia has everything to lose in any cakening of China. Since Japan is a mmon enemy, Moscow and Nanking uld rely on each other to a certain stent in time of trouble, no matter ow much they might disagree on forms government and principles.

It is too early to predict what the ove will mean to business. If it can e localized, and if the machine built by Gen. Chiang works effectively in elling a rebellion in a single faction, orld markets should not be affected. lut if trouble goes even so far as to volve China in another serious civil ar, the Far East will replace Spain as e tinder box which could set off the ext great war.

Coronation Business

George VI will be crowned next May, on day originally chosen for Edward, and Britain expects large crowds.

ONDON (Business Week Bureau) irst pessimistic estimates that the abdinion of Edward VIII would cause British businesses preparing for the toronation a loss of \$100,000,000 are forgotten this week in the realization that there is still time to dramatize the new royal household, that few visitors rom any part of the world have canteled their coronation reservations, and that the immediate demand for souvenirs of the "King who was not crowned" is so large that stocks which had accumulated to date are rapidly eing exhausted in most lines.

All of the uncertainty which three weeks ago unsettled the stock markets, foreign exchanges, and small industries manufacturing goods for the coronation gone. Another George will succeed Edward, the date for the coronation-May 12-will not be changed, confidence in the throne has been restored. Markets have resumed their normal trend this week, and Christmas shopping has been resumed with greater othusiasm than before the flurry.

There will be some losses to busi-

ness. Textile manufacturers who have completed and shipped to distant Dominion markets large orders for flags and handkerchiefs on which Edward VIII's picture is printed will probably be forced to accept the return of these goods. The same may be true of pottery manufacturers who have made huge orders of mugs bearing the picture of the recent king, though the demand for these in England and Canada since the abdication has been so large that stocks already in shops are practically exhausted. The same is true of jewelers who have been unable to meet the demand for souvenir spoons and novelty jewelry sought by a public eager for a memento of one of the most popular figures in recent British history.

Edward VIII stamps are in demand by philatelists all over the world. So is the recent issue carrying the likeness of George VI when he was Duke of York.

The Church of England's Book of Common Prayer is being revised immediately with Edward's name being replaced by the names of the new royal family.

The mint was on the point of coining a new issue when the crisis came. The new George will appear on commemo-rative coins that will probably be issued before the coronation. The GR-for George Rex-embossed on the buttons of uniforms of soldiers, sailors, and policemen had not been changed during Edward's brief reign.

Materials for the great reviewing stands which will line the route of the royal coronation procession continued to be delivered this week, and Westminster Abbey is being prepared for the coronation of a king and queen.

Cable and telegraph companies and the newspapers had one of their biggest weeks in history while the constitutional crisis was being settled. The number of photographs wirelessed across the Atlantic set a new daily record.

Business is aware of changes which will come from the shift in the royal succession. Edward VIII set styles in men's clothing, was extremely modern, liked gaiety, ignored the conventions. George VI is extremely conservative in his dress, seldom visits a night club, and will set an example very much like his father in dignified court living.

The new Queen Elizabeth shows a distinct preference for British fashions, in contrast to the popular Duchess of Kent, and more recently Mrs. Simpson, both of whom set styles created by French coutouriers.

Children's styles in clothing and toys will have a new importance because of the presence in Buckingham palace of the two popular little princesses, one of whom will probably become the Empire's next ruler.

KOPPERS and Chemicals



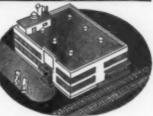
From less than 10 coal tar "crudes," more than 350 "intermediates" are prepared for use in the production of hundreds of dyes, medicinals, flavors, resins, tanning agents, photographic chemicals, lakes, toners and textile and rubber chemicals. The production of these "finished" chemicals amounts to over 500,000,000 pounds annually and more than one billion pounds of other chemicals are consumed in their manufacture.

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WEEK

Business Abroad

China's political future depends on outcome of Sianfu affair; Japanese intrigue feared. Britain fears Sweden may break away from sterling bloc. Franc may be further cheapened. Mexico accumulates substantial gold reserve.

Unsettled world conditions are undoubtedly having their influence on the commodity market boom. Every great power is arming as rapidly as the domestic finances and industrial capacity will permit. Speculators, aware of this and of the determination to lay in war reserves of food and raw materials in which individual countries may be lacking, have jumped into the commodity markets again during the last three weeks and pushed prices

to new peaks.

The week's political developments are potential trouble makers, though the world is trying to view them calmly.

If there were no external pressure on China, the Sianfu incident would cause no unusual stir. But with Japan and Russia jockeying for advantageous bargaining positions in the Orient, and with Germany and Japan pledged to unite in a campaign against communism, the affair can set off something much bigger than a regional civil war.

Japan is trying to separate North China into an autonomous region which will be only loosely connected with the Nanking government. General Chiang has been the only personality strong enough to hold the rest of China together. Recently, there have been indications that his hold on the North China region was strong enough to have frustrated, for the time being, Japan's ambitious plans.

Within the last few weeks, Japaneseofficered Manchukuan troops have
started a drive to the west from their
former Chahar outposts. Ambition is
obviously to complete the flanking of
Soviet-controlled Outer Mongolia.
Scheme of the Japanese militarists has
from the first been that, in case of war
with Russia, they would work west in
China from Peiping over railroads
which they control to a point straight
south of Lake Baikal. Then they will
drive north in an effort to cut off Far
Eastern Russia from sources of supply
in the Urals and around Moscow.

Japan Is Under Suspicion

The question raised this week in a dozen capitals is whether or not the Sianfu incident was engineered by Tokyo as a part of its program to dominate all of China by weakening the only government that has proved really effective since the Chinese Revolution 25 years ago. It is too early to know the answer definitely but not too soon to realize the potentialities of the situation.

Russo-Japanese tension is especially fierce just now. Moscow has suddenly turned firm on the Far Eastern fisheries question. Fish, with rice, forms the backbone of the Japanese diet. Much

of the supply comes from Soviet Far Eastern waters where the Japanese have long had the right to fish according to contracts made with the Russians.

This year, Russia is withholding those rights until Japan agrees to respect existing mutual boundaries, and put an end to the ever-recurring border clashes. It is Moscow's slapback after the German-Japanese pact was announced.

Japan dreads a possible attack on the heart of her industrial regions by Soviet bombers from Vladivostok. That tongue of Siberia which reaches down to the nearest thing to a warm water port that Russia possesses on the Pacific is possibly the threat that holds Japan at bay, for it is known to be heavily fortified and well supplied with some of Russia's fastest and most modern bombing planes. It is only about 600 miles from Vladivostok to Tokyo. Modern bombing planes could easily manage a round trip.

On the other hand, Tokyo is believed

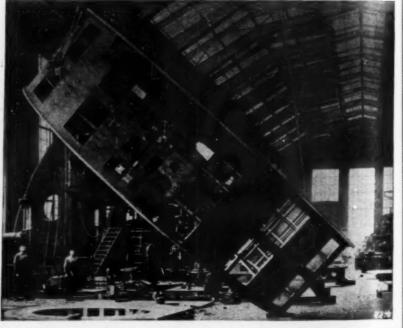
to have turned its major attention in the last year to China, where there are raw materials, cheap labor, and a vast ready made market to absorb the ever growing output of Japanese factories. To consolidate her position there, it is necessary to move quickly. It is only in the last few months that Chiang Kai-shek has loomed up as a really effective threat to the carrying out of this policy.

All has not been quiet in Europe. London has reports that German troops are pouring into Spain to support the rebels in a new drive on Madrid which may begin soon or which may be postponed until early spring. At the same time, French radicals are said to have formed their own voluntary legion to march to the aid of the Loyalists. Europe may continue to fight out its battles over conflicting ideologies on Spanish soil.

German Colonial Hopes Gain

London has at last lent an ear to the demand of Germany for a return of the colonies. There is serious talk in England now of working out with France a plan for the return of the Cameroons to Germany, but British opinion is solidly opposed to any proposal to return Tanganyika to the Reich because of the volume of British investment which has gone into this rich territory.

Nothing further has developed out of the proposal of the French and British that a plebiscite be held in Spain to settle that nation's problem. It is obvious which side would win in any fair voting, because the Loyalist government was voted in on a public ballot.



FOR SOUTH AMERICA—Steel frame for a giant generator which AEG (German General Electric) is building in its Berlin plant. Germany is an important competitor in electrical merchandise markets in Brazil, Argentina, and Chile.

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Moscow stiffers demands on Japan, using fisheries concession as bargaining weapon. Screbrovsky will boost Russia's coal output.

Moscow (Cable) - Encouraged by the continued industrial progress which has enabled the Kremlin to strengthen its armed forces appreciably during the last two years, Moscow's method of dealing with Japan is now undergoing a marked change

No longer soft spoken, Kremlin officials have taken a firm stand on the terms of the all-important fishing conressions which have been granted to the Japanese for many years on more or less their own terms. This year they are their own terms. This year they are begging Moscow for an extension and the Soviets are sticking firmly to their demands that Japan respect existing boundaries in the Far East, eliminate provocative clashes with Soviet border guards, and agree to the institution of a mixed border commission for the settlement of disputes in which the Soviet vote is equal to the combined voice of Japan and Manchuria if the fishing grants are to be extended.

Confronted with the assertion by the Japanese ambassador that delay in signing an extension of the fisheries concession is causing much irritation in Japan, Foreign Minister Litvinov promptly replied that the Japanese-German agreement recently announced has caused even greater irritation in Moscow. He pointed out, also, that it was signed in spite of a warning from the Russians of its possible effects on Moscow, and that Tokyo would sooner or later be faced with the consequences of its action.

Will Improve Miners' Housing

Aware of the huge turnover of labor in the Donbas mines which produce 70% of the country's coal, the Soviet government is preparing measures now to improve living conditions there, especially by providing better housing

Of a total of 200,000 miners employed, turnover in the first 11 months of this year, it is revealed, was 233,000. Nor was the situation last year or the year before any better. So serious are conditions in the industry even mining schools have lately been finding it difficult to enroll new students because of the widespread knowledge of the shocking living conditions in the Donbas

Reflection of these unfavorable conditions is seen in the output figures in the coal industry. For months, production has fluctuated back and forth between 80% and 90% of the planned output, though other industries have been making striking production gains. With the appointment this week of

A. P. Serebrovsky, former head of the Gold Trust, as Vice-Commissar of Heavy Industry, under whose supervision coal mining falls, it is expected that rapid improvements will be brought about. It was Serebrovsky, the Cornell-trained engineer, who is responsible for having quadrupled the country's gold output within the last four

Great Britain

Leaders fear Sweden will lead breakup of sterling bloc. French franc weakness is another disturbing factor. King crisis has passed.

LONDON (Cable) - The city is concerned over the announcement that the United States intends to sterilize gold imports. The feeling generally is expressed that this move to control credit will not effectively brake the boom. There is alarm here that a speculative boom on both commodity and stock exchanges is under way. It is believed that both the London and Washington governments are too firmly committed to a continuing cheap money policy for interest rates to be allowed to harden.

Professor Cassel's suggestion that the exchange rate for the Swedish kroner be raised against sterling has created genuine alarm that it may mark the beginning of a breakup of the sterling bloc.

While the City believes that Swedish prosperity makes this suggestion eminently sane, British leaders are naturally eager that Stockholm resort first to higher taxation and further government borrowing to relieve its market of surplus liquid funds.

No fess disturbing is the weakness in forward French francs. The belief is general here that Paris will soon give up its losing fight to hold the franc midway between its recently-established legal limits, and will allow it to sink to the lower level of approximately 4.3¢.

The constitutional crisis centering around the king has blown over (page 33), and this has given time for new consideration of the Spanish situation which causes alarm here.

Shops are filled this week with Christmas shoppers who are expected to spend more than in any year since 1929.

France

Government plans new premiums to tempt gold out of Exposition buildhoarding. ings delayed by labor troubles.

PARIS (Wireless) - With the budget likely to be voted before the end of this week, a part of the security of the Blum government will be removed. There is



EVER IN MIND-Citizens of Europe have little opportunity to forget the menace of war. Drugstores and notion counters are beginning to carry, as a regular line, the latest designs in gasmasks, and customers are warned to do their shopping early.

sufficient opposition now that, with the most pressing social reforms voted and the budget passed, an effort is likely to be made to reform the government with no dependence on the extreme Left groups.

A new drive is under way to bring out of hoarding some of the gold which has never been turned over to the Treasury in spite of repeated threats and warnings.

Discuss Gold Bond Plan

Newest plan being discussed in Paris now is the issue of a new series of government notes which might be purchased with gold at the prevailing world rate. It is reported also that the famous "baby bonds" which were issued shortly before France devalued will be accepted at 130% of their face value. Any move to allow gold hoarders to realize full devaluation profit will undoubtedly meet with the opposition of the Communists, but the government may go ahead with its plan anyway.

There are numerous signs that business is improving. November sales tax returns were 10% ahead of last year. Railroads have increased their budgeted expenditures on improvements in 1937 mor than 30% above this year's totals. At the end of October, bank deposits were 10% above the pre-devaluation

Preparations for the Paris Exposition, scheduled to open next May, are progressing so slowly it may be necessary to delay the opening date. Labor difficulties and the adjustment of costs following devaluation have caused the disruption of work on the buildings.



SERVICE AND SHOWMANSHIP-These two ideals are foremost with Landrock largest laundry and dry cleaning firm in Berlin. The plant employs more than 1,000 workmen, and most of its muchiner was purchased in the United States. When several score deliveries can be made in the same section of the city, a huge display room on wheels is called out of the garage, And thus the visit of the laundry man becomes a matter of moment, to the de-light of the customer and the increasing profit of the laundry.

Germany

crisis stirs Berlin. Political outlook in Europe reported somewhat brighter.

BERLIN (Cable) - The week's developments in China (page 32) have caused a stir in Berlin. Officials are discussing freely the possibility that the crisis precipitated at Sianfu will develop into a situation analagous to the civil struggle in Spain. But in the Orient, Russia and Japan will be fighting out their differences on neutral Chinese territory.

Berlin is concerned because the Nanking government has been friendly to German businesses attempting to sell their products in China or to build up branch industries in the new republic. Also, China's crack troops have been largely trained under the guidance of German military advisers brought to China at the suggestion of Chiang Kai-shek.

London Listens on Colonies

Despite the new clouds on the international political horizon, some confidence is developing around the belief that the European outlook is improving. With the increasing acuteness of the food and raw material shortages, business expects the politicians here to take a less belligerent attitude toward overtures which are likely to be made to Germany by France, Britain, and the United States. Also, London is showing signs that Germany's insistent demand for a return of the colonies is going to be given more sympathetic considera-

Canada

Dominion discards the gold clause. Farm income mounts. No new marketing legislation is expected.

OTTAWA - Future Canadian bond issues, federal and provincial, will not contain the gold clause. This was the most important decision of the national finance committee which met here last week. It means that future Canadian bonds will be payable in lawful money of Canada rather than in gold.

Henceforth the Bank of Canada will



be a clearing house for information about new federal and provincial bond issues so that these may be timed to market conditions. The committee decided on steps to establish uniformity in federal and provincial accounting so that statistical comparisons could be facilitated. Steps will also be taken to standardize the fiscal year for provinces and dominion.

Loan Plan Sidetracked

A proposal that the Bank of Canada's obligation to help provide loans to the provinces be enlarged was sidetracked

at the meeting.

Canada will have \$85,000,000 more spending money from this year's field crops than from last year's, according to official figures just released. Although yields were lower, aggregate value amounted to \$594,000,000 against \$508,000,000 last year.

This year's wheat yield declined 44,000,000 bushels, but at present prices the value is estimated at around

\$30,000,000.

According to Sir Charles Gordon, president of the Bank of Montreal, five fundamental features characterize Canada's economic progress for the year: recovery of agriculture; extraordinary activity in mining; an all-time record in newsprint production; a large increase in tourist traffic; and striking expansion of export trade.

Next steps in recovery will be stimulation of the construction industry and new business for the capital goods industries. The new federal housing plan will assist both of these.

The Ottawa government will not introduce new legislation governing mar-keting of natural products until final decision is given by the Privy Council on the validity of the Marketing Act passed by the former Bennett government. At a meeting of federal and

provincial ministers of agriculture here last week, plans were made for facilitating marketing of agricultural prod. ucts abroad by reducing distribution costs and improving the grading system. The effort will be directed especially toward cultivating the British market.

Latin America

Mexico's gold reserve grows rapidly; government revenues are up.

RUMORS persist that the Mexican government will seek a \$5,500,000 loan in the United States market. It will be in the form of a 12 months' banking credit, guaranteed by the government's receipts from petroleum taxes. Proceeds will be used to complete construction of three large dams in Sonora, Coahuila-Durango, and Nuevo Leon-

While financial leaders in New York continue to be skeptical that such a loan can be floated in this market so long as Mexico's bonds outstanding here remain in complete default, it is possible that some scheme is under consideration which will have Washington backing.

Revenue Outlook Good

Mexico's economic outlook is especially bright just now. According to data just released by Eduardo Suarez, Minister of Finance, government revenues this year are expected to top 350,-000,000 pesos, largest in the fiscal history of Mexico.

Income taxes, which yielded 37,000,-000 pesos in 1935, produced 39,000,-

000 pesos this year.

Gold reserves, according to Senot Suarez, now amount to \$49,000,000, which is in contrast with the last published official figure of \$26,000,000.

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Money and the Markets

Demand for commodities turns into a full-sized boom, caused chiefly by rearmament programs and Germany's enormous shortage of rye. Another factor is increase in corporate inventories.

BOILING commodity markets this week dwarfed securities trading; zooming prices of things to eat and with which to build muffled the Washington clamor for a purgative to take the boom out of stocks. The boom, if any, is now on in commodities with a vigor and verve which has swept one average of spot prices up

9% since Nov. 1, and has pushed many gaples up 20%, 50%, and corn and 0002 100% from their 1936 lows.

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Rarely have so many factors combined in so short a space of time to whirl prices of commodities upward—rearmament programs; wars and war fears; industrial recovery and rising purchasing power; the last stalwarts' desertion of the gold standard; a growing will on the part of Europeans to hold things rather than money; drought and shortage of grains, and margins that make speculation in commodities much cheaper than in stocks.

How Prices Compare

What has happened is clearly discernible from the following prices of a few leading participants in the movement (grain prices are Chicago December contract):

			1936 De	pression
	Now !	Nov. 1	Low	Low
Wheat	\$1.3434	\$1.14	\$0.85	\$0.4134
Com	1.061/2	.9434	.5234	.20%
Rye	1.0334	.823/4	.553/4	.261/4
Sugar (raw)	.0378	.034	.0319	
Caffee (Rio No. 7)	.0834	.083/8	.0654	.047/8
Cocoa	.1115	.083	.05	.0322
Rubber	.19%	.1713	.135	.02%
Hides	.133/4	.1134	.10	.043/4
Cotton (futures)	.1255	.1163	.1012	.053
Copper	.11	.10	.091/4	.051
lead	.055	.048	.045	.025

^e Not comparable.

The immediate cause of this week's rise apparently was European buying of

Meehan Found Guilty

M. (for Michael) J. (for Joseph) Meehan (for Radio) recently took a trip to a sanitarium for his health. That did not halt the Securities and Exchange Commission's investigation of his operations in the stock of Bellanca Aircraft.

In fact, this week, in Mr. Meehan's absence, William Green, one of the SEC trial examiners, found Mr. Meehan guilty as charged—charged with manipulating Bellanca and simulating false market activity in the stock. Now the full commission is pondering the case. Possibility: Mr. Meehan can be ordered suspended or expelled from the New York Stock Exchange, New York Curb Exchange, and Chicago Board of Trade.

Mr. Meehan's counsel promises to carry the case to the courts to test SEC authority—if the trial examiner's findings are upheld.

wheat. It was touched off by a newspaper story estimating that Germany needs 35,000,000 bu. of wheat and an equal amount of rye. But the story of the Reich's shortage in bread grains was just symptomatic of a general situation.

World wheat stocks are the shortest

since 1926. The crop of the Danubian provinces was nothing to brag about, and Canada and the United States had disappointingly small crops, due to drought. That accounts for the biggest exporters in the northern hemisphere. The southern hemisphere's crop isn't harvested yet, and even if it is satisfactory, there hardly will be enough wheat to go 'round.

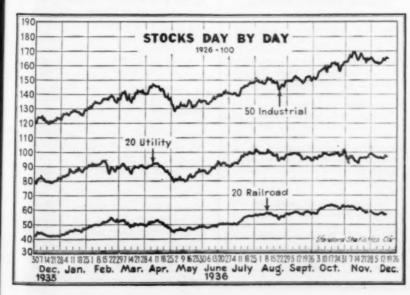
Italy A Big Buyer

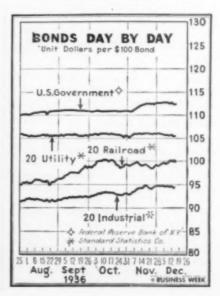
Europe, shying off at high prices in Liverpool, Winnipeg, and Chicago, suddenly began to feel the pinch a few weeks ago. Italy has been contracting, hand over fist, for all the wheat it can get from Buenos Aires for delivery as soon as there are bottoms available for its shipment. Other continental buyers had been nibbling in Argentina, Liverpool, and Winnipeg. As prices developed more momentum, bidding became more frantic and last Monday's runaway markets were a climax.

Speculators, of course, climbed aboard. Commodities have been the favorite vehicle of London traders ever since the tripartite monetary pact was signed after the gold bloc crumbled. On this side of the Atlantic, traders have been following suit in ever increasing numbers. Now, big houses that ordinarily deal largely in stocks are writing their daily letters on commodities. The public is climbing aboard and there are fears of speculative over-

Chicago Margins Raised

Chicago Board of Trade members took official cognizance of the rampant speculation (and of the small fry who were in on it) by boosting margins. One of the reasons for worry is the belief held by close observers that Europe has, by now, pretty well covered immediate requirements. Experts are convinced, too, that not a few of the







minor commodities have been bulled by purchasers who know nothing about them except that margins aren't very stiff and that they have been going up.

There is, nevertheless, one important element in the present market that removes it far from house-of-cards designation. Corporations are building their Rarely since the early inventories. 1920's have there been times when purchasing agents saw such a chance to enhance their reputations by abandoning the hand-to-mouth principle. Headlines have featured not only the buying in wheat, corn, cotton, copper, lead, and zinc; there have also been news stories about rising prices for flaxseed, China wood oil, cottonseed oil, paper and pa-perboard, tobacco, lard, soy beans, pig iron, glycerine, dried fruits, nuts, butter, ipecac root and sarsaparilla.

Whether inventory buying will support a further rise is problematical. Cotton consumption, for example, is at a high rate domestically, but exports are lagging. Copper producers fear that this week's rise to 11¢ a lb. may bring an upsetting increase in output. Rubber quotas have been raised and, although the immediate response was bullish, consumption may not always continue to outstrip production in this and other commodities.

Stock Market Active

As to the stock market, it was active but not particularly bubbling with excitement. Price changes were only moderate, despite a continued stream of higher and extra dividend announcements. The "penny" stocks, however, persisted in performing (BW-Dec.5 36, p.49), much to the concern of Charles R. Gay, president of the New York Stock Exchange, who takes off the New Deal's shoulders part of the task of boom-preventing. Said Mr. Gay:

"It's not my place to say whether the

ONE THING IS CERTAIN - Congress will be asked to extend the life of the \$2,000,000,000 Exchange Stabilization Fund. But other matters discussed this week by Comptroller of the Currency O'Connor (left), Secretary of Treasury Morgenthau (center) and Reserve Board Chairman Eccles were very much up in the air. They included action by Congress on increased credit controls and consolidation of bank chartering and examination powers. FDIC Chairman Crowley was present.



market is too high or too low. But I don't like the looks of the recent flurry in stocks selling at a few dollars a share -that kind of activity in penny stocks may mean that the uninformed person is coming into the market-and that's a matter for concern."

Trust Mutualization

The National Investors group of investment trusts plans to mutualize and thereby escape the rigors of the Revenue Act of 1936-inasmuch as mutual trusts (which pay out 90% of their earnings in dividends) are forced to pay only nominal taxes.

program — announced stockholders by letter this week-embraces First, Second, Third, and Fourth National Investors, and \$45,-000,000 in assets. The program, moreover, is directly antithetic to that adopted by Mayflower Associates, Inc. (BW—Nov.28,'36,p.23), which decided to dissolve because of the tax law..

To the National group the tax law is a boon. Officers proposed a type of mutualization two years ago, but Fourth National stockholders voted it down. Now, taxes offer a cogent reason for consolidating the trusts, thus combining their assets.



Hits Television Corp.

New York official gets injunction, charging sale of worthless stock to the aged.

STOCKS with names that tickle the fancies of the uninitiated are the choice bait of the bucketeers. Small wonder, then, that television, which captures the imagination as radio did 10 and 15 years ago, should be loss leader of the boiler rooms.

Latest company in this category to run into the law is Television Corp. of America. The name sounds enough like that of one or two important enterprises in this youthful field to be confusing, but the history of this one has been unfortunate since its beginnings in 1932. Now Assistant Attorney-General Ambrose V. McCall, chief of New York State Attorney-General John J. Bennett's bureau of securities, has obtained a temporary injunction against sale of the stock, asks that the restraining order be continued until the case is disposed of, urges that a receivership be established.

It's a story of how aged persons in upstate New York were sold the stock at prices ranging from \$5 to \$10 a share while salesmen were peddling the same issue in New York City for 50¢. On the list of those complaining are a score or more of victims ranging from 70 to 83 years of age, bilked of life savings, says Mr. McCall.

Named in the restraining order are Television Corp.; its president, Oliver C. Harriman; the secretary, Jack N. Oppenheim, and salesmen Hamilton Hoge, Robert F. Collins, William H. Milne, Fred Knapp, and Lewis G. Duell. The last three named are under indictment for grand larceny. The corpora-tion, Mr. McCall charges, has no tangible assets, promoted the sale of its

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P.S. Finla

ies through "fraud and misrepreion," and has never been authorto do business in New York.

tindicted salesmen are alleged to represented that Harriman (not the Harrimans) was a million-that there were millions of dollars of the corporation; that the stock d be listed before the end of the and that Radio Corp. of America give five of its shares for each ding share of Television.

true picture, says Mr. McCall, corporation with \$4.58 in the bank t. 9 and owing rent for its offices 8,695.74. Outstanding stock is 61 shares of 6,000,000 authorized, 283,400 of the shares are spread among individual stockholders hout the state.

adulent securities sales have been sing by leaps and bounds every the stock market records a susrise, Mr. McCall declares. His ment initiated 27 civil actions and iminal cases in November, and mber has been equally active.

ish Omission—War debt payes, the semi-annual reminder of the gele to make the world safe for peracy, fell due this week. Great in sent the usual polite note, an-ning inability to pay. But one raph which has appeared in predefault apprisals, was omitted. paragraph was:

His majesty's government explained heir note of the 4th of June, 1934, reasons for which they were reluc-ly forced to suspend payments er those agreements. Those reasons infortunately no less valid now than

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The reasons—difficulty of transferg funds, and a world-wide depresare not nearly so impelling today they were two and one-half years Which, perhaps, is why his majis government refrained from referto them. Britain is enjoying a e boom, despite a little recent mation trouble. Moreover, the huge of gold to these shores belies any sfer problem. The gold speaks for

Consequently, a reopening of the et question, to settle it once and for may develop before long, provided United States shows preparedness to le a cut, a large cut. War debts are tof those political things which must settled sooner or later if nations in future are to have any confidence in mational contracts.

P.S. Finland paid, as usual.

by Bonds—Latest effort of Sec. Treasury offerings of bonds and tes is directed at purchasers of small ounts. Heretofore anyone applying tr blocks of \$5,000 or less got them

without having the amount scaled down. The Treasury chief points out, however, that this didn't work. He cites the instances of one person who sent in applications for some 20 members of his family, and of a bank which asked \$5,000 for each of its employees.

Declaring that the job of policing these small applications is too large, Sec. Morgenthau announced that they would no longer be accepted. He indicated that the investor of limited means can get all the "baby bonds" he wants. Prospects of good January sales of these "U. S. Savings Bonds" thus are enhanced. Reinvestment demand next month promises to be exceptionally large, what with better business and fatter dividends. With this large backlog of money seeking work, a little sales promotion might enable the baby bonds to top last January's record total of \$46,398,000.

Wheat Ceilings—Only a few months ago grain traders were figuring carefully how high wheat prices could go in the United States markets without hitting a "Canadian ceiling." What they meant was simply that prices here might get far enough above Winnipeg to attract large exports from the Dominion. But European buying for shipment whirled prices up at Winnipeg and raised-perhaps razed—that ceiling.

Now the talk is about prices bump-

ing their heads on an Argentine ceiling. Wheat in Liverpool, Winnipeg, and Chicago has been climbing precipitately, reaching the best levels since 1929. Liverpool, the big European market, recently has quoted March more than 30¢ a bu. above Argentina's price of 91-92¢ for the roughly comparable February delivery. If it costs 12-15¢ to ship from Buenos Aires to Liverpool, one price has to come down or the other go up when the Argentine crop starts to move.

There is some doubt that the shippers down under are going to mark up their levels sharply. Italy has been a big buyer without enlivening the market much; other European orders also have been sizable. Argentina has removed its guaranteed export price which was about 90¢, indicating that the government feels world conditions have improved enough to let the grain find its own level. But sellers so far don't seem to have been greedy; they haven't reached for world prices.

"Best Year"-From Kansas City comes a news item concerning a measure of prosperity which is unusual in the banking field. The City National Bank and Trust Co. of the Missouri city reports its "most successful year." Directors have added \$200,000 to surplus, increased the dividend from 6% to 8%, and voted Christmas bonuses of



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Segregation and Taxes—Stock exchange members are stewing and fretting over the prospect of broker-dealer segregation, one of the Securities and Exchange Commission's most irksome threats. But there is at least one tiny speck of consolation in this prospective separation of functions.

This involves taxation. Ever since the income-tax amendment was passed, the courts have been cluttered up with cases involving brokers' claims to dealer classification. For, being a dealer has sharp advantages in confronting the Bureau of Internal Revenue.

It seems that dealers always have been conceded the right of treating their holdings of securities as inventory. This means that they can value such holdings, as of Dec. 31, at cost, cost or the market whichever is lower, or at market in figuring how they stand at the year-end. Brokers, on the other hand, are obliged to figure their income taxes on the basis of realized profits and losses.

This principle was reenforced a few days ago when the Supreme Court ruled on two more such cases. Both firms combined broker-dealer functions but one also did a specialist's business. The one specializing, the court felt, necessarily carried a certain amount of inventory, and hence was a dealer.

SEC, though, won't be so liberal in its definition of a dealer.

Option Trouble—Last week the New York Stock Exchange was thrown into a dither. Trading in Greyhound Corp. common stock was impossible for four hours while officials collected their wits.

Blame rests partially with the undismuted earnings tax, partly with the Instate Commerce Commission.

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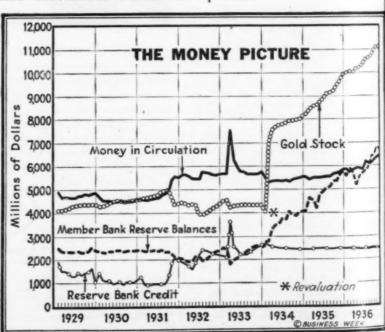
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Greyhound some time also voted dividend of 75% on the common, possible either in cash or new 55% preference stock, \$10 par. The idea was conserve cash, under the tax law, to dextent that preference stock was a cepted for the dividend. But, as the big bus company is under I.C.C. juridiction, it had to get the commission approval for the new stock.

The exchange had ruled that it stock was to go ex-dividend on Dec. but when that day came I.C.C. had n yet approved the stock. The Big Boa could not quote the common "ex" dividend which could not, legally, paid. So officials decided that the sto would not go "ex" until further notif that a due bill should be attached each share sold.

But traders still were up in the a They didn't know whether the due hi should call for payment of the divider in cash or preference stock. Finally the exchange decided on cash. Thus the seller contracted to pay the buyer 756 share cash, when received from the company, regardless of whether the sell took his dividend in cash or stock.

This created a neat arbitrage. The preference stock was quoted overthe counter, "when issued," at 11½-12. Of 100 shares the holder was entitled to dividend of \$75 cash or \$75 par amount of the preference stock. But \$75 par value of the stock had a market value of \$84.37½, based on the bid price. The the seller of 100 shares would give \$9.37½ by attaching a \$75 due bill while he, in turn, asked for the dividend is stock which he could dispose of at premium.



Editorially Speaking-

OWL'S HEAD, N. Y., has long boasted gelf the coldest place in the East, but seconologists deny it. What do they y about Dog's Nose?

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HERE'S a curious sort of "rebellion" ing on in Inner Mongolia. Mongols n't fly, and yet the rebels are using uny airplanes. Major Gen. Seiichi ca, of Japan, admits that the Japame army has provided the planes, but mies that Japanese aviators are flying em. And he insists that the planes en't a gift. "The Mongols," he says, have assets such as a vast opium har-We have been paid in kind." Planes for opium; planes plus opium.

mbing and doping the Chinese peo-Which weapon is the deadlier?

WELL, here it goes again. The Indiana mer's Guide Publishing Co. case, we gin. The Guide sued several other um papers, alleging damages caused a violation of the Sherman Antiust act.

"We direct you to find the defend-nts not guilty," said the United States istrict Court to the jury. "The evi-Interstate commerce isn't in-

"That's right," said the Circuit Court Appeals, sustaining the District

"The District Court misinterpreted the law," said the Supreme Court, reersing the Circuit Court. "Let the se be tried over again."

"Well, we've got to follow the Su-reme Court," said the District Court, it the second trial. "Therefore let the facts go to the jury for decision." The jury found the defendants guilty and they were ordered to pay \$37,000.

Another appeal.

"We sustain the District Court," said c Circuit Court. "The question behe Circuit Court. fore it was merely how to apply the Supreme Court decision. The jury sethed the fact issues by its verdict. As we construe the decision of the Supreme Court, this conclusion is unavoidable." "We didn't mean anything of the kind," says the Supreme Court. "The Circuit Court got us all wrong. We're ending the case back to the Circuit Court, which should review the evince presented in the District Court." Go ahead, Circuit Court. You may be sick of the case, but go ahead any-way. Let's see if you can understand the Supreme Court this time.

In the six years from 1929 to 1935, actording to University of Chicago socologists, the United States accumu-lated a "deficit" of three-quarters of a million weddings and a million births. That is to say, a million potential children went unborn, and three-quarters of a million potential bridegrooms went unbridled.

So IN this country anybody, high or low, can marry anyone who'll have him? And keep his job too? Maybe.

What would happen to an American bishop who married a burlesque striptease lady? We don't know. It hasn't happened yet.

What happens to an American minister to Denmark who marries a captain in the Danish army? We know. It happened several months ago to Mrs. Ruth Bryan Owen, daughter of William Jennings Bryan. She abdicated. "Resign" was the word she cated. used.

What happens to career diplomats and other members of the foreign service who marry aliens? They abdicate. Get fired. 'That's a recent order by the State Department, apparently as a result of the Mrs. Owen incident.

What happens to a West Point cadet or Annapolis midshipman who, having reached legal age, marries an alien or a Vermonter, a Virginian, a New Yorker, a Nebraskan, a strip-teaser, a social worker, or anybody else? He abdicates. Just can't marry at all, poor

So it seems there are marriage rules with quite a few jobs, even American. You obey the rules or you lose the job. The rules are set by the boss. The boss may be the president of the bank you work for, or the Washington official representing 130,000,000 American people—or the boss may be the parliamentary representatives of an empire of 500,000,000. In any case you obey the boss or you abdicate. That goes in this country, too.

Moral: They're not so dumb over

THE French Senate has reaffirmed the husband's position as the head of the family. Who said France is no longer conservative?

SALADE VATEL CLUB was one of the dishes at the annual supper of the lead-They have ing New York chefs. named their favorite salad after their club, and they have named their club after J. Vatel, who in the 17th century was the chef of the Prince de Condé. Louis XIV visited the prince, and Vatel got ready to cook a huge fish for him. The fish did not arrive in time, and Vatel demonstrated his artistic regret by killing himself.

No wonder all good chefs revere his name. To this day you can bring tears to the eyes of a sensitive chef by repeating Vatel's dying words: "What, no fish?"



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BUSINESS

DECEMBER 19, 1936

New Horizons for Business

The forty-first annual convention of the National Association of Manufacturers was officially labeled "The New Horizons Sessions." It was indeed a new horizon to which the leading industrialists of America turned their faces as the first meeting opened, but perhaps the newest and most significant thing in the whole history of industrialism was the liberalism and social awareness which characterized resolution and utterance throughout the convention.

More than any other group, the association speaks for big business. That voice advocated and supported with enthusiasm measures which merely frightened similar groups as recently as two years ago. Nor was there anything in the attitude of the delegates at the convention to suggest that they were taking a licking gracefully or making the most of a bad situation.

Expediency has yielded to the sincere conviction on the part of the rising leaders of this group that most of the broad social and economic responsibilities of the people as a whole rest on the shoulders of industry. These exacting responsibilities are accepted as an opportunity as well as a

challenge.

There was no yielding on questions of basic principle. The American system of government and the American theory of private enterprise were defended unequivocally. The relations of government to business were analyzed critically. Pernicious legisla-tion, enacted and proposed, was denounced. It was made clear that the association would continue its efforts to oppose, with all its resources, legislative and administrative encroachments which seem destructive to sound social purposes.

On the other hand, organized industry took a forthright stand in favor of social security, equitable labor relationships, higher real wages, an advanced standard of living, and the abolition of child labor. It proposed not only to accept but to encourage and promote many such

measures.

The attitude of industry toward current problems, expressed by Pres. C. M. Chester in the convention keynote address, was re-emphasized by Lewis H. Brown, president of the Johns-Manville Corp., at the annual dinner. Alluding to all citizens as

customers of business, Mr. Brown

"As business men, let us ask ourselves specifically what these fellow citizens of ours want. Our job is to supply those wants-not what we think the customer should want or what we think would be good for him-but what he wants. It seems to me that these aspirations of our fellow Americans are really very simple and very definite: (1) They want work; (2) they want more money; (3) they want still more leisure; (4) they want security against unemployment now and against poverty when they are old; (5) they want more for their money-more and better things

at lower prices." Mr. Brown finds nothing unreasonable in these demands. As to the first three points he sees economic wisdom in an industrial attitude of sympathy and cooperation. He advocates the highest possible wages and the shortest possible hours not only as good sociology but good business and even proposes that business support minimum wage laws in the various states. He believes that the five-day week will soon be universal in industry and with it will come shorter hours and more leisure because business appreciates the soundness of increasing productivity and reducing costs rather than because of arbitrary and inequitable regulations imposed by law.

The association, by formal resolution, pledged the support of organized industry for sound legislation to provide for the needy aged, sick, disabled, and unemployed. It promised full cooperation with the federal gov-ernment under the present Social Security act, while expressing doubt that in its present form it can attain the ends for which it was designed.

The majority of business represented at the convention is not content with striking an attitude. It proposes to go just as far as possible in the forward direction. It will encourage all business to put its house

in order and to adopt an attitude of finding opportunity in liberalism. has under way plans to set up new agencies and strengthen old ones for discovering facts and implementing plans for social and civic betterment It will give its time, thought, money, and organizing ability in coopera tion with governmental and private agencies that seek the same end,

For the first time realism and idealism are almost perfectly blended in the impulses as well as the attitude of

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organized business.

A Strengthened Empire Turns to the Future

The British Empire appears to have emerged from its astonishing crisis not only unhurt but actually strength ened. It has demonstrated its unit in the most emphatic way possible-by action, not words. It has clarified and triumphantly reaffirmed its principles of government. And the shock its peoples have suffered in recent weeks has put them on guard, sobering them, preparing them morally for defense against external danger.

First of all, the supremacy of parliamentary government has vigorously withstood the gravest challenge in a century and a half. The dispute over a royal marriage was merely a part of a larger conflict, which ended with

Parliament on top.

In this emergency the empire in pressed the whole world with i power of rapid and decisive action. There was effective coordination of the governments in Britain and in the dominions. The empire proved that its institutions are flexible enough to cope with the unforeseen.

What is equally impressive is the practical manner in which the British peoples faced a danger to their unity Devoted as they are to the Crown, they will not, on sentimental consid erations, permit any action that would offend millions of the Crown's subjects and thereby weaken the imperial links and jeopardize the structure of which their livelihood and even their lives depend.

In George VI they have a king suited to their necessities. His father took the throne four years before the first World War. The son knows that he may have a shorter period to prepare himself for the strain of king-

ship during war.

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